

SECTION 1

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INTRODUCTION

The Food and Nutrition Service of the U.S. Department of Agriculture (USDA) has established regulations to carry out the intent of Congress that nutritious meals or milk be available to every school student regardless of the household's ability to pay. This handbook sets forth guidelines for school officials responsible for determining eligibility for free and reduced-price meals in schools that participate in the National School Lunch and School Breakfast Programs (including commodity schools and after school snacks) and for free milk in schools that participate in the Special Milk Program exercising the free milk option or that provide free milk to eligible kindergarten children who do not have access to the lunch or breakfast program.

All local education agencies (LEAs) being reimbursed for free, reduced-price and paid meals **MUST** have adequate documentation on file to support the claim for reimbursement. Those that participate in the Special Milk Program implementing the free milk option are required to have the same documentation that is required for free meals.

GLOSSARY OF TERMS

CACFP: Child and Adult Care Food Program.

Cash Assistance Unit (CA): any individual or group of individuals currently certified to receive assistance under the Cash Assistance Program in a State where the standard of eligibility for benefits does not exceed the income eligibility guidelines for free meal or milk benefits.

Cashier: an individual who takes tickets, cash or other media of exchange from students receiving free, reduced-price or paid meals. The term "cashier" is also used to reflect the individual who, through use of a roster, checklist, computerized identification system or other non-cash medium of exchange, identifies the eligibility status of students receiving free meals or milk, reduced-price meals and paid meals or milk.

Categorical Eligibility: All homeless, runaway, and migrant children are categorically eligible for free meals once identified by a homeless education liaison, shelter director, migrant education coordinator, or other appropriate official. Once identified, such children do not have to submit an application to receive free meals.

CFR: Code of Federal Regulations. Child nutrition regulations are contained in title 7 of the Code of Federal Regulations.

Commodity School Program: program under which participating schools operate a nonprofit lunch program and receive donated food assistance in lieu of general cash assistance.

DES: Arizona Department of Economic Security.

Direct Certification: the process of establishing children's eligibility for benefits by obtaining documentation directly from the DES. Households determined eligible for meal or milk benefits through direct certification are not required to submit a free and reduced-price application to the school; schools have access to CNP Direct Certification System that allows them to download and verify students receiving DES benefits.

FDPIR (Food Distribution Program on Indian Reservations): families on certain Indian Reservations who meet Food Stamp income guidelines to receive commodity foods.

FNS (Food and Nutrition Service): agency within the U.S. Department of Agriculture which is responsible for administering the National School Lunch Program, School Breakfast Program, Special Milk Program, Commodity School Program and other food assistance programs.

FNSRO: Food and Nutrition Service Regional Office.

Food Stamp Household: any individual or group of individuals currently certified to receive benefits under the Food Stamp Program.

Free Meal: a meal served under the National School Lunch or School Breakfast Program to a child from a household eligible for such benefits under 7 CFR Part 245 and for which neither the child nor any member of the household pays or is required to work in the school or in the school's food service.

Free Milk: milk served under the Special Milk Program to a child from a household eligible for free milk under 7 CFR Part 245 and for which neither the child nor any member of the household pays or is required to work in the school or in the school's food service.

FSP: The Food Stamp (FS) Program provides eligible households with food stamp benefits to help supplement their nutritional diets. Food Stamp benefits are used like cash and may be used to purchase eligible food products and various other products as approved by the Program. The amount of benefits an individual may receive is based upon the U.S. Department of Agriculture (USDA) Thrifty Food Plan. This plan is an estimate of what it costs to provide nutritious, yet inexpensive meals.

Income Eligible: any child from a household whose current income is at or below the household size/income limits set forth in the Income Eligibility Guidelines (IEGs) is eligible for either free or reduced-price meals or free milk, as applicable. Such households **MUST** provide household size and income information on the application for free and reduced-price meals or free milk to enable school officials to compare the household information to the IEGs.

IEGs (Income Eligibility Guidelines): the household size and income levels prescribed annually by the Secretary of Agriculture for determining eligibility for free and reduced-price meals and for free milk.

LEA (Local Educational Agency): the governing body which is responsible for the administration of one or more schools and either has the legal authority to operate the Program in these schools or is otherwise approved by the Food and Nutrition Service to operate the Program.

NSLP (National School Lunch Program): program under which participating schools operating a nonprofit food service receive general and special cash assistance and donated food assistance in accordance with 7 CFR Part 210.

Non-Pricing Program: all meals are provided free to all enrolled students despite their eligibility status. Meals are claimed for reimbursement by the students' eligibility status.

Overt Identification: any act that openly identifies children as eligible for free or reduced-price benefits in the National School Lunch, School Breakfast or Special Milk Programs.

Reduced-Price Meal: a meal served under the National School Lunch or School Breakfast Program to a child from a household eligible for such benefits under 7 CFR Part 245. The price of this meal **MUST** be less than the full price of the meal and no more than 40 cents per lunch and 30 cents per breakfast. Neither the child nor any household member can be required to work in the school or in the school's food service to supplement the cost of the meal.

RCCI (Residential Child Care Institution): any distinct part of a public or nonprofit private institution which (1) maintains children in residence, (2) operates principally for the care of children and (3) if private, is licensed by the State or local government to provide residential child care services under the appropriate licensing code.

SAIS: The Student Accountability Information System (SAIS) is an administrative application that collects student detail information using the Internet. SAIS enables schools to electronically submit raw student and school data for data processing and reporting. SAIS provides essential information to educators, legislators and parents about the budgets, expenditures, and achievement levels of schools. All Local Education Agencies (LEAs) – school districts and charter holders – are required to submit student detail information to the SAIS database.

SBP (School Breakfast Program): program under which participating schools operating a nonprofit food service receive cash assistance in accordance with 7 CFR Part 220.

School Nutrition Programs: National School Lunch Program, School Breakfast Program, Special Milk Program and Commodity School Program.

School Official: a designated official who represents a governing body, (i.e., principal, superintendent or other administrators).

SMP (Special Milk Program): program under which participating schools operating a nonprofit milk program receive cash assistance for each half-pint of milk served in accordance with 7 CFR Part 215.

7 CFR Part 245: regulations governing the determination of eligibility for free and reduced-price meal benefits in the National School Lunch and School Breakfast Programs and for free milk in the Special Milk Program.

Special Assistance Certification and Reimbursement Alternatives: three optional alternatives for free and reduced-price meal application and claiming procedures in the National School Lunch and School Breakfast Programs. For further guidance, contact the Arizona Department of Education, School Health and Nutrition Programs.

SA (State Agency): Arizona Department of Education, School Health and Nutrition Programs.

TANF: Temporary Assistance for Needy Families (TANF) provides assistance and work opportunities to needy families by granting states the federal funds and wide flexibility to develop and implement their own welfare programs. TANF benefits or services include the following:

Cash Assistance (CA), which may include, but is not limited to the following:

CA Grant Diversion, Kinship Care, Kinship Foster Care, Legal Permanent Guardian, Tribal TANF programs, Child Care services identified by CCA and Jobs Administration services.

USDA (United States Department of Agriculture): Federal agency designated by Congress to administer the National School Lunch, School Breakfast and Special Milk Programs.

UNDERSTANDING FREE AND REDUCED PRICE POLICIES

The National School Lunch, School Breakfast, and Special Milk Program fall under the Richard B. Russell National School Lunch Act (NSLA). The NSLA was signed into law by President Harry Truman on June, 4th 1946 and provided federal funds and commodities to school lunch and milk programs in response to the diet-related health problems seen in American men attempting to join the military during World War II. The current regulations regarding NSLA and its qualifying programs are found in the Code of Federal Regulations.

The Code of Federal Regulations is a codification of the general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. The Code is divided into 50 titles, which represent broad areas subject to Federal regulations. Each title is divided into chapters, which are divided into parts that cover specific regulatory areas.

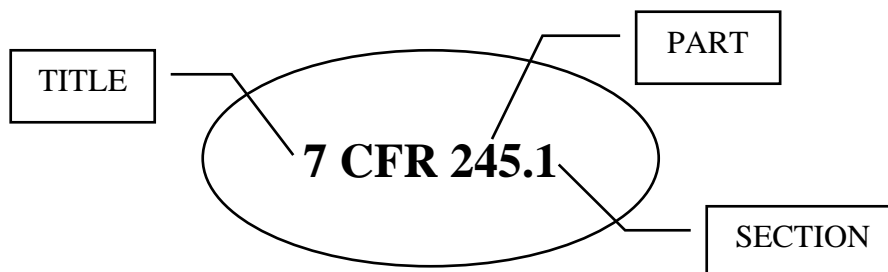
Title 7 of the Code of Federal Regulations is composed of fifteen volumes, which are subsequently broken into parts. The Food and Nutrition Service current regulations are in the volume containing parts 210-299.

Throughout the Free and Reduced-Price Policy Handbook are citations.

e.g. (7 CFR 245.1)

These citations indicate the title, part, and section of the Code of Federal Regulations that is utilized for each segment.

Specifically, the citation (7 CFR 245.1) indicates that the material cited came from Title 7, Part 245, Section 1 of the Code of Federal Regulations.



Congress reauthorizes the Child Nutrition Programs under 7 CFR, Section 210-299 every four to five years. Reauthorization is the continuation or subsequent authorization of a federal grant program by Congress. The statute reauthorizing a program may include one or more, often significant, changes to the original or previously authorized statute.

The Arizona Department of Education is the State Agency that has been designated to administer the School Nutrition Program in schools as specified in 7 CFR 210.3. As the designated State Agency, the Arizona Department of Education has the authority to enforce the applicable federal regulations.

FREE AND REDUCED PRICE PROCESS BEST PRACTICE

STEP 1

Utilize eligibility status from previous year for the first 30 operating days.

STEP 2

After July 1st and no more than 30 calendar days prior to the first day of school, conduct a District Wide Upload File Search (SAIS ID or Standard Format) prior to mailing out income applications to families at the beginning of the year.

STEP 3

Obtain the school's documented migrant/homeless/runaway list from the school's liaison responsible for assisting migrant, homeless, and runaway students.

Note: The list should consist of student names, dates, and the migrant/homeless/runaway liaison's signature.

STEP 4

Students that were included in the match results or part of the school's documented migrant/homeless/runaway list should be placed in the FREE category and a Notification Letter for free meal benefits should be sent to the household within ten working days of certification.

STEP 5

Send Household Applications for Free and Reduced Price Meals to families/students that were not included in match results or on the school's documented migrant/homeless/runaway list, without overtly identifying those students already qualified for Free meals.

STEP 6

Using the returned Household Applications, determine eligibility status based on income and household size or on an FDPIR, Cash Assistance (CA), or Food Stamp (FS) case number. Send notification of meal benefits to families who qualify within ten working days of the receipt of the application.

Note: Household Applications listing FDPIR, CA, or FS case numbers must also have the child(ren)'s names and an adult signature to be considered a complete application and qualify the child(ren) for free meals.

Send Notification Letter for denial of free meal benefits to families who do not qualify based on income or who have submitted an incomplete application within ten working days of determining the eligibility of the student(s) on the Household Application.

PUBLIC ANNOUNCEMENT ABOUT BENEFITS

Public (Media) Release

7CFR245.5(a)(2)

- Near the beginning of the school year, an announcement **MUST** be made to notify the public of the availability of the NSLP, SBP, SMP and Food Commodity Program. The notice **MUST** include the eligibility criteria for free and reduced-price meals and/or free milk (See Appendix A). The public announcement is provided by the LEA to the local news media.
- The LEA is required to submit a public/press release to local employment offices and major employers contemplating layoffs in the attendance area of the school.
- Copies of the public release **MUST** be made available upon request to any interested person.
- A sample public release for free and reduced-price meals is included in Appendix A.

Notice to Households (Parent Letter)

7CFR245.5(a)(1)

- A letter or notice notifying households about the availability of the school nutrition programs is to be distributed at the beginning of each school year. This letter **MUST** also state the option of free and reduced-price benefits ***and*** an application form **MUST** be distributed to all households of children in attendance at the school who were not determined eligible through Direct Certification match results or from the migrant/homeless/runaway list (See Appendix B for the sample Parent Letter and Household Application). The application should not be distributed earlier than July 1st, or no more than 30 days prior to the beginning of the school year, whichever is later.
- In schools participating in the NSLP, SBP, or Food Commodity Program, any notice to households must contain only the **reduced price** guidelines with an explanation that households with incomes at or below the reduced price limits are eligible for either free or reduced price meals.
- The letter/notice should be sent to households of all school children as early as possible in the school year so that eligibility determinations may be made and free and reduced-price benefits provided as soon as possible.
- New students enrolling in school after the school has started must be provided a letter/notice and application form when they enroll.
- Schools participating in Special Assistance need only notify and certify households during the base year.
- School districts must notify the household's of children whose free meal benefits were determined from the CNP Direct Certification System. Households that receive Food Stamps or CA may submit an application with a case number or income information if they are not notified of their eligibility by the school.

**Foreign
Language
Translations**
28CFR42.405(d)(1)

- Where a significant number or proportion of the population eligible to be served in the LEA needs information in a language other than English, LEAs MUST make reasonable efforts, considering the size and concentration of such population, to send appropriate non-English language household letters/notices and application forms to such households. Appropriate forms are available from the State Agency. In addition, the Food and Nutrition Service (FNS) web site contains additional samples of translated application material: www.fns.usda.gov/cnd
- Schools are encouraged to provide households with assistance in completing applications through the use of foreign language personnel.

FREE AND REDUCED-PRICE POLICY

Basic Requirement

7CFR245.1(a)

- All schools participating in the federally-assisted National School Lunch and School Breakfast Programs **MUST** make available, as applicable, free and reduced-price lunches and breakfasts, and, at the option of the School Food Authority for schools participating in the Special Milk Program, free milk to eligible children.
- The basic free and reduced-price policy requirements consist of a permanent-policy statement, a public release, a parent letter and application, the Local Education Agency's (LEA) collection procedures and the Income Eligibility Guidelines as issued by USDA.

Policy Statement

7CFR245.10(a)

- Each LEA participating in the NSLP, SBP, or the SMP with the free milk option, **MUST** have an approved free and reduced-price policy statement on file at the SA.

Free and Reduced-Price Reimbursement

7CFR245.6(e)

7CFR210.15(b)(4)

- The LEA or school **MUST** have a valid application on file for each child served a meal or milk meeting program requirements that is claimed for Federal reimbursement at the free or reduced-price rate. A valid application is one which is complete and has been correctly approved for free or reduced-price benefits.
- LEAs are required to keep all Direct Certification match results as documentation for Directly Certified students.
- RCCI's are not required to maintain free and reduced-price applications for eligible children and may document eligibility by other means. For more information on this process, see the RCCI Guidance manual, or LEAs may contact the Arizona Department of Education, School Health and Nutrition Programs.

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DIRECT CERTIFICATION

Use of the Direct Certification System

- **It is mandatory that all Child Nutrition Program School Food Authorities conduct a match for eligible children at least once within the first 30 operating days of the current school year.** Matching may not be conducted prior to July 1st of the current school year, and may not be conducted more than 30 calendar days prior to the first day of school. Match results that certify children for free meals must be placed into effect within three calendar days of receiving the match results. Households of children matched for free meals must be notified of their free meal benefits within ten days of certifying the child for free meals.

Obtaining and Using Match Results to Certify Eligible Children PL 108-265

- Direct Certification match results override Household Application results. If a current Household Application with income information contradicts the direct match results, the Direct Certification match results must be taken at face value and the child shall be certified for free meals for the entire school year. The certifying official must document on the Household Application that the child was directly certified and keep the Application on file along with the direct certification match results.
- If a household submits a Household Application with a FS, CA, TANF case number, but the child(ren) is(are) not listed as a match in the match results, the LEA must certify the child(ren) for Free Meals by taking the *complete* Household Application with FS, CA, or TANF case number at face value.
- The Direct Certification System certifies households without their request or permission. **If a household refuses the meal benefits, the LEA must discontinue the benefits immediately and document the refusal.**

Obtaining Additional Match Results

- Upload File and State Match results will report a DES Decision Date for each student. The DES Decision Date is the date DES determines the student is eligible for DES benefits. Direct Certification match results will include the DES Decision Date as a tool to assist LEAs in performing multiple uploads or State Matches throughout the school year. The DES Decision Date will provide a means to filter or sort match results to exclude 'old' information from previous uploads. **The LEA approval date is the day the LEA runs a Direct Certification match and receives confirmation of eligibility. The DES Decision Date may not be used as the first day of eligibility unless it falls on the same day as the LEA approval date.** If a school decides to re-match to obtain the most current version of match results, their Benefit Issuance Document (BID) must be edited accordingly.

Benefit Changes	<ul style="list-style-type: none"> • If the household notifies the LEA that they are no longer eligible for TANF, FSP, or CA benefits the LEA may: <ul style="list-style-type: none"> • Default to an existing income application for the current school year, if one is on file, to determine meal benefits, or • Obtain an income application for the household and certify the child as appropriate. • If a current application is not on file, or cannot be obtained, the child must be transferred into the paid category and a notice of adverse action accompanied by an income application must be sent to the family. • When certification determines an increase in benefits, the change is effective immediately and MUST be implemented within three operating days. Parents should be notified in accordance with LEAs standard procedures for notifying households of approval for benefits.
Timing and the Direct Certification System	<ul style="list-style-type: none"> • DES updates their system nightly. This means that schools have access to the most current eligibility information DES has available. If a student does not match on the initial match, try matching the student the following day. If the student still does not match, it can be assumed the child is not eligible for free meals through Direct Certification and should be placed in the paid category. The family has the option of completing an income application.
Verification	<ul style="list-style-type: none"> • Verification of eligibility is not required for children who have been certified using the Direct Certification match system, which includes Data Entry, Upload File and State Match, as these children are automatically verified when a Direct Certification match is performed.
Documentation and Record Keeping	<ul style="list-style-type: none"> • Each Local Education Agency shall print a report that identifies those children directly certified via State Match. Similarly, a report must also be printed to indicate those children that are directly certified via File Upload (Standard Format/SAIS ID Search), and Data Entry. Direct Certification match results and/or income applications for those students who have been directly certified shall be kept in a separate file from all other income applications. Documentation of direct certification must be kept on file for three years following the last claim filed.
Security and Tracking	<ul style="list-style-type: none"> • All access into the system is tracked by usernames and passwords to ensure proper use of the direct certification data. LEAs are only permitted to obtain direct certification data for their school district.

FREE AND REDUCED PRICE PROCESS BEST PRACTICE

STEP 1

Utilize eligibility status from previous year for the first 30 operating days.

STEP 2

After July 1st and no more than 30 calendar days prior to the first day of school, conduct a District Wide Upload File Search (SAIS ID or Standard Format) prior to mailing out income applications to families at the beginning of the year.

STEP 3

Obtain the school's documented migrant/homeless/runaway list from the school's liaison responsible for assisting migrant, homeless, and runaway students.

Note: The list should consist of student names, dates, and the migrant/homeless/runaway liaison's signature.

STEP 4

Students that were included in the match results or part of the school's documented migrant/homeless/runaway list should be placed in the FREE category and a Notification Letter for free meal benefits should be sent to the household within ten working days of certification.

STEP 5

Send Household Applications for Free and Reduced Price Meals to families/students that were not included in match results or on the school's documented migrant/homeless/runaway list, without overtly identifying those students already qualified for Free meals.

STEP 6

Using the returned Household Applications, determine eligibility status based on income and household size or on an FDPIR, Cash Assistance (CA), or Food Stamp (FS) case number. Send notification of meal benefits to families who qualify within ten working days of the receipt of the application.

Note: Household Applications listing FDPIR, CA, or FS case numbers must also have the child(ren)'s names and an adult signature to be considered a complete application and qualify the child(ren) for free meals.

Send Notification Letter for denial of free meal benefits to families who do not qualify based on income or who have submitted an incomplete application within ten working days of determining the eligibility of the student(s) on the Household Application.

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COLLECTION AND PROCESSING OF APPLICATIONS

Application

Collection

Procedures

7CFR245.3(a)

7CFR245.11(a)(2)

CN-30-02

CN #45-05

PL 108-265 Sec.105(a)

- Household Applications may not be distributed earlier than July 1st of each school year, and may not be distributed more than 30 days prior to the first day of school to ensure that households are provided with current eligibility criteria and eligibility determinations are based on current household income.
- School officials **MUST** make families aware of the availability of free and reduced-price meals and may even request that households apply. However, school officials may not require that a household submit an application for free or reduced-price meal benefits.
- Local Education Agencies are prohibited from requesting separate applications for each child in cases where the children attend schools under the same local educational authority.

Benefits Prior

to Processing

Certification

7CFR245.6(c)

7CFR 245.3(c)

- Prior to processing applications for the school year, the LEA may claim and be reimbursed for free and reduced-price meals or free milk served to (a) children from households with approved applications on file from the previous year, (b) new children in a LEA from households with children who were approved for benefits the previous year except siblings of those children who were directly certified or categorical eligible (c) previously approved children who transfer from one school to another under the jurisdiction of the same LEA. If the applications are not centrally maintained, both the sending and the receiving school **MUST** maintain a copy of the transfer student's application. Applications from the prior year may only be used for the children represented by these applications.
- Prior to processing applications for the school year, LEAs cannot claim or be reimbursed for free and reduced-price meals or free milk served to new children who are not part of households approved the previous year or to children who transfer between schools under the jurisdiction of different LEAs *unless* the receiving school obtains a copy of the prior year's application. Therefore, local school officials are encouraged to expedite eligibility determinations for all such new enrollees.
- Prior year's eligibility certifications are only valid for the first 30 operating days of the school year (beginning with the first day of school). All applications must be turned over by this date. If a household's eligibility changes from the previous school year, the change must go into effect immediately upon receipt of a current application.

Application Processing Time Frame

- Applications should be reviewed and an eligibility determination made *within 10 working days* of the receipt of the application. Whenever possible, applications should be processed immediately, particularly for new students who do not have approved applications on file from the previous year.
Note: Date Stamping of documents is recommended as a Best Practice.

Eligibility Criteria

7CFR245.3(a)
CN #27-05

- For a child to be eligible for free or reduced-price benefits, the child **MUST** have been directly certified or the household **MUST** submit a complete application *and* be categorically eligible, income eligible, or case number (FDPIR, CS, FS) eligible.
 - Complete Application - an application that contains all required information for making an eligibility determination as outlined on page 22.
 - Categorical Eligibility - a child for whom migrant, homeless, or runaway classification has been established through the school's migrant/homeless/runaway liaison or coordinator.
 - Children who are enrolled in Head Start Programs that meet the Head Start low-income criteria are also automatically eligible for free meal benefits. (See page 49 for additional information).
 - Income Eligibility - a child from a household that submits a complete application, where the sum of the reported income for the household is at or below the eligibility limits as identified in the IEGs, is eligible for either free or reduced-price benefits, as applicable.
- The determining official **MUST** review each incoming application to ensure that the household submitted a complete application. If the application is complete, the official **MUST** then determine whether the household is categorically eligible, income eligible, or case number eligible (based on FDPIR, FS, or CA) for benefits. Applications for households that are not categorically eligible, income eligible, or case number eligible cannot be approved for benefits.
*Note: Categorical eligibility may be temporary for up to 30 days if an application has been submitted and the eligibility determining official is waiting on eligibility documentation from the school's migrant/homeless/runaway liaison or coordinator.
- U.S. citizenship is *not* a condition of eligibility for free and reduced-price benefits. LEAs **MUST** apply the same eligibility criteria for citizens, non-citizens and Federal Amnesty Program participants.

Citizenship

**Complete
Application**

7CFR245.6(a)
7CFR245.2(a-4) (1)(i)
CN #04-05
CN #27-05

- A complete application MUST include all the following required information before the determining official can make an eligibility determination:
- For Food Stamp/CA/ or FDPIR households - Required information to determine **case number eligibility**:
 1. Name of the child(ren),
 2. The Food Stamp, CA, or FDPIR case number for each child and
 3. Signature of an adult household member.
- For non-Food Stamp/CA/ or FDPIR households – Required information to determine **income eligibility**:
 1. Name of child(ren)
 2. Names of *all* household members including the child for whom application is made;
 3. The current amount of monthly income received by each household member, identified by the individual who receives it, and the source of the income, such as wages, welfare and alimony;
 4. The frequency or how often each form of income is received (i.e. monthly, weekly, yearly).
 5. Signature of an adult household member; and
 6. Social security number of the adult who signs the application. If the household member does not have a social security number, the word NONE can be substituted for the social security number or the box indicating no social security number must be checked.
- For foster children - Required information to determine income eligibility:
 1. Name of the child,
 2. Child's personal income and
 3. Signature of an adult household member.
- For migrant, homeless, and runaway children - Required information to determine income eligibility:

On the Household Application: (Note: Household Applications are not required, but may be submitted)

1. Name of the child(ren)
2. Part 3 completed with a check in the appropriate box (migrant, homeless, or runaway)

AND

A document from the school's migrant/homeless/runaway liaison with:

3. Student's name
4. Date of eligibility
5. Migrant/homeless/runaway liaison's signature

Note: If a household application is not submitted, the document or student list from the migrant/homeless/runaway liaison is an acceptable form of documentation for certifying the child(ren) for free meals.

- Households with some children in the Food Stamp/FDPIR/CA household and others who are not:

If a child is not a member of a Food Stamp household, Cash Assistance unit, or FDPIR, but resides in a larger household with other children who are case number eligible the application for that child MUST include all the following information to establish income eligibility for that child:

- the names of all household members
- the social security number of either the adult who signs the application or an indication that the household member does not have a social security number
- the amount of income received by each household member identified by the individual who receives it
- the source of income (including the amount of any CA or other welfare grant)
- how often the income is received
- the signature of an adult household member.

Food Stamp benefits are *not* counted as income. When the LEA uses a Household Application, the application would include both FDPIR/CA/FS case number(s) for the child(ren) who is/are recipients of the case number programs and the household size/income information for the income eligible child(ren).

- A homeless family or child temporarily residing with another household/host family:

If a homeless family temporarily resides with another household, the host family's income is not taken into consideration when determining whether the homeless family is eligible for free meals. If the host family submits a Household Application for free and reduced price lunch, they may include the homeless family as household members if the host family provides financial support to the homeless family (shelter, clothing, food, etc.)

**Computation of
Current**

Income

7CFR245.6(e)

CN #48-05

- Households **MUST** provide the amount of income received, identified by the individual who received it, how often the income is received, and the source of the income, such as wages, welfare, etc. *It is the responsibility of the determining official to compute the household's total current income and compare the total amount to the IEGs.*
- If only one income is given, compare that income to the relevant IEG for that timeframe.
 - Example: For a household of five that receives one paycheck each month, compare their income to the monthly IEG for a five-person household.
- If all incomes are received for the same timeframe, add all the incomes together and compare the total income to the IEG for that timeframe.
 - Example: If both parents in a family of three receive paychecks each week, add the two incomes together and compare the total to the weekly IEG for a household of three.
- Households may report incomes for different time periods (e.g., one monthly, one biweekly, one weekly). In this case, the determining official **MUST** convert all reported incomes to **YEARLY**, and then add the incomes to determine total household income. The determining official **MUST** then compare this figure and the household size to the Yearly IEGs and determine the eligibility of the household.
- When a household is computing yearly income, the following conversions must be used.

To compute yearly income:

Every Week: Multiply the total gross income by 52.

Every Two Weeks: Multiply the total gross income by 26.

Twice a Month: Multiply the total gross income by 24.

Monthly: Multiply the total gross income by 12

**Application
Approval or
Denial**

7CFR245.6(c)

CN #27-05

- The LEA **MUST** not delay approval of the application if the household fails to provide any non-required information; for example, the household does not complete the racial/ethnic identity question.

Case Number Eligible (Food Stamp/CA/FDPIR):

- Households that submit a complete application, which includes child(ren)'s name, an eight digit or less case number (FDPIR, FS, or CA) for the child(ren) listed on the application, and a signature of an adult member of the household **MUST** be approved for free benefits.

Income Eligible (non-Food Stamp/non-CA/non-FDPIR):

- Households that submit a complete application indicating that total household income is at or below the income limits for free or reduced-price benefits **MUST** be approved for free or reduced-price benefits, as appropriate.
- Households that submit an incomplete application cannot be approved. If any *required* information is missing, the information **MUST** be obtained before an eligibility determination can be made.
 - To get the required information, the school may return the application to the household or contact the household either by phone or in writing. The determining official should document the details of the contact, and date and initial the entry. **Exception:** If the application is missing the signature of an adult household member, the application **MUST** be returned to the household to obtain a signature. In signing the application, the household member is certifying that the information on the application is true and correct.
 - Every reasonable effort should be made to obtain the missing required information prior to denying the application.
- **Households that are not categorically eligible, income eligible, or case number eligible cannot be approved for benefits.**
- If there are inconsistencies or any questions concerning the required eligibility information provided, the household's application **MUST** be denied, unless the inconsistencies or questions are resolved. The official may contact the household prior to denial, document the details of the contact, and date and initial the entry.

Categorically Eligibility (Migrant/Homeless/Runaway youth):

- If an application has been submitted with the student's name and Part 3 completed but documentation from the migrant/homeless/runaway liaison has not been submitted, the LEA may serve free meals to homeless, runaway, or migrant students for up to 30 operating days while waiting for a reply from the liaison. **LEAs must track the 30 operating days.** If the liaison does not certify the status of these student(s) within 30 operating days, then:
 - The LEA or school can ask someone who is familiar with the child's situation to indicate that the child is homeless, a runaway, or migrant and then the LEA may complete an application on child's behalf or establish a list of children pending response from homeless/migrant coordinator. The LEA must base its determination of categorical eligibility on concrete information.
 - If the homeless/migrant coordinator cannot confirm that the child is a runaway, homeless, or migrant, within the 30 operating days, the LEA must notify the household of adverse action and inform them that they may reapply for benefits using the Household Application with income information.

**Temporary
Approval**
CN-09-02

- When a household reports zero income or a temporary reduction in income, eligibility **MUST** be determined based on the present rate of income rather than on regular annual income. **However, the approving official should issue temporary approval of the application.**
- The time frame for a temporary approval may vary depending on the household's circumstances.
 - For example, if the primary wage earner expects to return to work in two weeks, the temporary approval may be awarded for a shorter period of time than if the primary wage earner has lost his or her job and has no prospects for a new one
- A maximum time limit for temporary approval is **45** calendar days. **At the end of the approval period, the school must contact the household to determine if the household circumstances have changed** (See Appendix C). Such follow-ups should not extend a household's temporary approval unless the household or collateral contacts provide reasonable explanations and documentation that account for a household's ability to survive without any source of income. An applicant's statement that the household's circumstances have not changed since the original application is not sufficient to grant continuing eligibility.
 - Example: If a family is living in a homeless shelter, after 45 days they must provide documentation on how they are surviving on zero income in order to receive a temporary approval extension.
- When the temporary approval is extended, a follow-up (See Appendix C) must be included with the family's documentation. If the household circumstances have changed, the school should send a new application to the household so that they may reapply for benefits; or document the household's current income or Food Stamp/CA number on the application, initial and date the changes. **Exception:** Zero income on an application for a foster child or institutionalized child is acceptable and may be approved for the school year. Such application does not require follow-up.
- The USDA does not consider the subsequent re-applications following temporary approval to be new applications. The sponsor can thus require the household to provide income documentation at the time of re-application, if necessary.
 - Example: If a household declares what the school official considers unreasonably low income (e.g., \$1.00 for the purpose of declaring minimal income, the school official should use his or her own discretion to question the information.

- Eligible children should receive temporary approval in the following types of economic situations:
 - Temporary layoffs
 - Strikes (voluntary work stoppage)
 - Temporary receipt of public assistance (in cases where the application specifies receipt of public assistance for a limited time)
 - Zero income, for whatever reason (except foster children and institutionalized children)
 - Temporary disability
- TEMPORARY APPROVAL *MUST* BE FOLLOWED UP IN 45 DAYS.

**Households That
Fail to Apply**
7CFR245.6(d)

School officials may complete an application for a student *known to be eligible* if the household fails to apply.

- When exercising this option, the school official **MUST** complete an application on behalf of the student based on the best household size and income information available and make an eligibility determination. **The source of the information MUST be noted on the application.** A household social security number, household names and signature of an adult household member need not be secured. These applications should be excluded from verification. However, the household **MUST** be notified that the student has been certified and is receiving free or reduced-price benefits.
- The designated school official responsible for completing applications on behalf of students must sign and date the applications.
- This option is intended for limited use in *individual* situations and must not be used to make eligibility determinations for categories or groups of students.

**Children
Residing in
Homeless
Shelters**

7CFR245.6(d)
CN #27-05

- When an application is not submitted by the household or it is not anticipated that an application will be submitted, it is acceptable for the director of the homeless shelter at which the child resides or the local educational liaison to complete and submit an application for the child; or, a school official may complete an application for a child and approve the child for free meals based solely on their knowledge that the child's address is a homeless shelter or that the child has no known address and is indeed homeless.
- If it is not practical for the school official to complete individual applications because of large numbers of homeless children or for some other reason, documentation to substantiate free meal eligibility may consist of a list containing the following information:
 - Child's name
 - Effective date of eligibility
 - Signature of the homeless shelter's director or school's homeless liaison

**Notification
of the
Eligibility
Determination**

7CFR245.6(c)
7CFR245.6(c)(1)

- Notification of the eligibility determination refers only to pricing programs.
- All households **MUST** be notified of their eligibility status within 10 working days of the receipt of the application.
- Households *denied* benefits **MUST** be given written notification of the denial. The notification **MUST** advise the household of
 - the reason for the denial of benefits,
 - the right to appeal,
 - instructions on how to appeal, and
 - a statement that households may reapply for free and reduced-price benefits at any time during the school year.
- See Appendix D for a sample notification letter.
- The notification letter of approval for free or reduced-price meals can be used to advise parents that their children may be eligible for other benefits. Once notified, the parent may choose to bring the notification letter to the school or an agency to show that the student has been approved for free or reduced-price meal benefits.

**Eligibility
Changes**

PL 108-265 Sec.106

- Eligibility determinations and benefits are valid for one year

Appeals

7CFR245.6(c)(3)

- A household may appeal the denial of benefits or the level of benefits for which they have been approved. When a household requests an appeal, the hearing procedures outlined in the LEAs free and reduced-price policy statement **MUST** be followed. Hearing requirements are described in Free and Reduced Policy Statement (Appendix E).

**Record-
Keeping**

7CFR210.9(b)(18)

7CFR245.6(e)

7CFR210.9(b)(19)

- All free and reduced-price applications, including applications from households denied benefits and inactive applications, **MUST** be kept on file for a minimum of **three** years after the end of the fiscal year to which they pertain. However, if audit findings have not been resolved, the applications **MUST** be maintained as long as required for resolution of the issues raised by the audit. Schools that contract with a food service management company must keep records for a minimum of **three** years. Schools that are on Special Assistance must keep records from their most recent base year throughout the length of the non-base year cycle.
- For applications from households approved for benefits, the determining official should indicate the date each application is approved and the level of benefit for which each child is approved, and sign or initial the application. At this time the student's name is added to the roster, or list of eligible students, to be used at the point of service.
- For applications from households denied benefits, the determining official **MUST** identify and retain on file the reasons for the denial. Records should also include the date of the denial, the date the denial notice is sent and the name of the determining official. These may be noted directly on the application.
- For changes in application status, determining officials should note the change and the date of the change on the application and on any rosters used. When a child transfers to another school within the same school-food authority, a copy of the application **MUST** be retained at both the sending and receiving schools (if not centrally maintained) and the date of the transfer noted. Current applications **MUST** be on file and there **MUST** be records to support transfers in and out of the school.
- When a student is withdrawn from school, the date of withdrawal must be noted on the roster and the application, and the roster must be updated accordingly. Sponsors with the ability to query reports that document withdrawals are not required to note withdrawals on individual applications.
- When a student re-enters the same school, the original application on file may be used for the rest of the school year, and until applications are processed the following school year. At this time, the roster must be updated.

**Electronically
Scanned and
Stored
Applications**
CN-09-02

- Applications must be retrievable by each school. It is the LEAs responsibility to set up a system to retrieve applications if they are maintained in a central office. It is helpful if applications are categorized in the following five categories:

1. Free
2. Reduced-price
3. Denied
4. Temporary approval
5. Withdrawn
6. Direct Certification

Note: Creating a separate file for each category is recommended as a Best Practice.

- The LEA MUST ensure that changes in eligibility status and transfers in and out of the school are accurately reflected on each school's roster in a timely fashion (i.e. three operating days).

- A sponsor of the National School Lunch Program (NSLP) may use electronically scanned and stored free and reduced-price applications so long as the following criteria are met:

1. The sponsor is assured that the scanner system is accurately and reliably capturing the free and reduced-price application information.
2. If software is used to determine eligibility from the scanned applications, the sponsor must ensure that manual edits are in place to ensure accurate free and reduced priced determinations.
3. Access or security procedures are maintained to ensure confidentiality of the information.
4. The paper copies of applications are maintained in any current year. Electronically scanned copies must be maintained for a minimum of **three** years after the submission of the final claim for reimbursement for the fiscal year.
5. Procedures are developed to make an accurate count of the free and reduced priced applications prior to the scanning of each batch. This count must be compared to applications successfully scanned to ensure that all applications are entered into the system.
6. The Department of Education may require that the paper copies be retrieved by the school if the electronically scanned versions of the applications are not operationally accessible in a timely manner or for any other reason.
7. Paper copies of the application must be retained for any schools on Provisions 1,2,3 for three years beyond the establishment of a new base year, or longer as needed for audit resolution.
8. Adequate backup is maintained for the electronic files.
9. There is no violation of State Law.

**Computer
Generated
Rosters**

- Computer generated rosters may be used for record of determination and verification of meal benefits. The roster printouts must include the child's name, date of eligibility, category of benefits, denials, withdrawals, transfers and verification results. The rosters should be run periodically (i.e. every day at the beginning of the school year and then once a month thereafter). The run date and determining official's signature must be recorded on each roster.

**Multi-Use
Application**
7CFR245.6(f)(5)

- A multi-use application (Appendices B-5, B-6, B-7 and B-8) may be used by schools that wish to provide eligible children the opportunity to participate in other educational programs and benefits. To protect the household's rights to privacy while allowing the application to be used to certify eligible children for additional programs, the application must provide the household the opportunity to specifically waive the right to confidentiality according to the following guidelines:
 1. The waiver must advise the household that the information provided on the application will be used for eligibility determinations for programs other than school nutrition programs.
 2. The waiver must precisely identify the agencies the information will be shared with and for what purposes.
 3. The application must state that the signing of the waiver must not be construed by the applicant or the program administrator as an additional requirement or a prerequisite for participation in any of the school nutrition programs.
 4. The applicant must be able to limit the waiver to encompass only those programs to which he or she wishes to apply. For example, the application could use a checklist that would allow the applicant to check or initial a box to indicate that he or she wants to apply for benefits in a particular program.
 5. Although the application for school meals or milk may be signed by any adult household member, the application must state that the parent or legal guardian for the child must sign the waiver of confidentiality.
 6. The social security number notice required by the Privacy Act of 1974 must be modified. In addition to the current statement, applicants must be informed that while other programs on the multi-use application may not require social security numbers as a condition of eligibility, once provided, the social security number may be used by the other programs. If any other program plans to use social security numbers for any purpose, a statement of those uses must be included.
 7. The LEA must ensure, in writing, that entities receiving information from the multi-use application limit the use of such information to the purposes specified on the application. This may be done through a Memorandum of Understanding with the agency or agencies that will receive the information. This is to ensure that the household's rights to privacy are respected by using the information only for the purposes agreed to.

OTHER PROGRAMS USING THE MULTI-USE APPLICATION MAY NEED ADDITIONAL OR FOLLOW-UP INFORMATION. THIS SHOULD BE DONE OUTSIDE OF THE MULTI-USE APPLICATION.

- In lieu of the multi-use application, the notification letter can be taken by the family to any program which provides benefits to children eligible for free or reduced-price meals. In this case, the family is choosing to share their school meal program eligibility status with that program.
- Households with children determined eligible through Direct Certification match results do not have the option of selecting other available benefits. The LEA should make accommodations for interested households.

**LEA and
AHCCCS
Agreement**

- LEAs choosing to utilize the Medicaid/KidsCare Sharing Form with the Household Application **MUST**:
 - 1) Download and complete the **AGREEMENT BETWEEN LOCAL EDUCATION AGENCY AND AHCCCS REGARDING IDENTIFICATION OF CHILDREN** (Appendix P).
 - 2) The Determining Official of the Local Education Agency **MUST** sign the agreement and the agreement must be kept on file with the LEA
- Local Education Agencies may choose to utilize the Medicaid/KidsCare/AHCCCS Sharing Form (See Appendix B-7, 8, 9, 10) with the Household Application for free and reduced price meals.

**Sharing
Information with
Medicaid/
KidsCare/
AHCCCS**

- Guidelines for returned KidsCare Sharing Forms
 - 1) Examine all returned Sharing Forms to determine if the “*Yes, I do want my Free and Reduced Price School Meals Application shared with Medicaid or the Arizona Health Care Cost Containment System*” box is checked. Only if this box is checked, proceed to step 2.
 - 2) Make sure the signature of an adult household member is on the Household Application
 - 3) Make copies of all Household Applications that correspond with the Sharing Forms that have the “*Yes, I do want my Free and Reduced Price School Meals Application shared...*” box checked.
 - 4) Mail all copies of applications to: **KidsCare
Mail Drop 500
920 E. Madison
Phoenix, AZ 85034**

Note: Do Not mail a copy of the application To KidsCare if the household adult’s signature is missing.

**Medicaid/
KidsCare/
AHCCCS
Screener**

- The Medicaid/KidsCare Screener is an alternate method of partnering with KidsCare. The Medicaid/KidsCare Screener may be mailed or made available at the LEA for households to complete.
- If the Medicaid/KidsCare Screener is returned to the LEA, the LEA should mail it to: **KidsCare
Mail Drop 500
920 E. Madison
Phoenix, AZ 85034**

CONFIDENTIALITY / DISCLOSURE OF ELIGIBILITY

General

7CFR245.6(f)

CN-15-03

- Section 9 of the National School Lunch Act (NSLA) states that LEAs may disclose children's free and reduced-price meal eligibility information to certain programs, activities and individuals defined in that section.
- The agency responsible for making the free and reduced-price meal or free milk eligibility determination makes the decision as to whether or not children's information will be disclosed. This determination shall be made by the LEA or the school administration.
- The LEA may disclose aggregate information, such as the number of children eligible for free or reduced-price meals, to any program or individual. Aggregate information does not identify individual children. Therefore, parental notification and parental consent are not needed.

Section 9 of the NSLA authorizes school food service officials to disclose the **names and eligibility status** of individual children eligible for free or reduced-price meals to persons directly connected with the administration or enforcement of the following programs:

1. **Federal education programs:** These would be programs funded at the federal level and would include, but are not limited to, programs such as Title I and the National Assessment of Educational Progress (NAEP), No Child Left Behind (NCLB), migrant education, vocational programs such as those sponsored by the Job Training Partnership Act (JTPA), Indian Education (Title IX, Part A), and Johnson-O'Malley Program (JOM).
2. **State health or State education programs:** These would be programs funded at the state level, with the state agency or local education agency administering the program. These may include the Arizona School Based Dental Sealant Program, alcohol and drug abuse education programs, or vision, immunization and mental health services. This would **not** include local education programs such as art programs that wish to provide free art supplies to free/reduced eligible students. Parental consent must be provided for such local education programs.
3. **Federal, State, or local means-tested nutrition programs,** such as the Women, Infants and Children Program (WIC) and the Food Stamp Program.

Note: Procedures must be in place to ensure that only authorized individuals, who have a direct need to know, should be granted access to children's eligibility information.

Please Note: Limited disclosure includes *names and eligibility status* only (other application information cannot be shared, such as income information and social security numbers).

It is also important that any program requesting eligibility information must be able to show proof of services that will be provided to those children who are eligible.

USDA does not require State Agencies and program operators to share information, but provides authority for those who wish to do so.

Furthermore, disclosing all eligibility information **MUST** be in accordance with the NSLA. In addition to names and eligibility status, determining agencies may disclose, without consent, all eligibility information obtained through the free and reduced price meal or free milk eligibility process to the following:

1. Persons directly connected with the administration or enforcement of the programs authorized under the NSLA or Child Nutrition Act of 1966. This includes the National School Lunch Program, School Breakfast Program, Special Milk Program, Child and Adult Care Food Program, Summer Food Service Program, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).
 2. The Comptroller General of the United States for purposes of audit and examination.
 3. Federal, State or local law enforcement officials investigating alleged violations of any of the programs under the NSLA and CNA or investigating violations of any of the programs authorized to have access to names and eligibility status discussed above.
- Although the aforementioned program(s) and/or person(s) may be authorized under the NSLA to receive free and reduced-price eligibility information, there **MUST** be a legitimate *need to know* to provide a service or carry out an authorized activity.
 - Any other program(s) that may request limited disclosure of student free and reduced-price eligibility information **MUST** obtain *written consent from the household* to release the information. These programs would include **local health and local education programs**, such as free textbooks, art supplies or reduced fees for summer school administered at the local level. If a school does not use a multi-use application listing the possible entities with which this information will be shared,, then consent must be obtained in writing prior to the limited disclosure to those programs.

**Parental
Notification
about Eligibility
Disclosure**
7CFR245.6(f)(5)

- The notification must inform the parents/guardians:
 - that they are not required to consent to the disclosure and their decision will not affect eligibility or participation in the school meals program,
 - identify the information that will be shared and how the information will be used,
 - signed and dated by the parent/guardian of the child applicant,
 - indicate that information will not be shared by the receiving program with any other entity or program,
 - and the parent/guardian must be able to limit consent to only those programs with which he or she wishes to share information.
- The notification may be included in the letter/notice to parents/guardians that accompanies the free and reduced-price meal or free milk application, on the application itself or in a separate notice provided to parents/guardians. For children who are determined eligible through direct certification, the notice of potential disclosure may be in the document informing parents/guardians of their children's eligibility for free meals through direct certification.

**Agreements of
Understanding**
7CFR245.6(f)(7)

- An agreement is not needed for Federal, State or local agencies evaluating or reviewing Child Nutrition Program (CNP) operations. Similarly, an agreement is not necessary for disclosures to the Comptroller General. These activities are part of routine CNP operations and enforcement.
- The LEA should enter into a written agreement with other entities requesting the information prior to disclosing children's eligibility information.

The agreement should contain the following information:

- be signed by both the LEA and receiving entity;
 - identify the entity receiving the information;
 - describe the information to be disclosed and how it will be used;
 - describe how the information will be protected from unauthorized users and disclosures;
 - describe the penalties for unauthorized disclosure; and
- be signed by both the determining agency (i.e. LEA) and the entity receiving the children's eligibility information.

In all cases, the receiving entity **MUST** be informed in writing that:

- eligibility information may only be used for the purpose for which the disclosure was made;
- further use or disclosure to other parties is prohibited; and
- a violation of this provision may result in a fine of not more than \$1000 or imprisonment of not more than 1 year, or both.

See Appendix O for a sample Agreement.

**Other
Disclosures that
Require
Parental
Consent**

7CFR245.6(f)(3)

- Children's parents or guardians may always provide consent for the disclosure of any or all of the information related to their children's eligibility status (i.e. whether children are eligible for free or reduced-price meals), or the information that the household provided through the free and reduced-price meal eligibility process.

- A disclosure to any other Federal, State or local program or individual not included in the NSLA requires parental consent. Other programs that require parental consent are local health and local education programs and other local level activities.

For example, the disclosure of children's eligibility for free and reduced price meals to determine children's eligibility for free text books or reduced fees for summer school requires consent when these are local initiatives and not State programs, unless a multi-use application has been utilized.

- The disclosure of information other than names and eligibility status to the programs authorized only to receive participants' names and eligibility status also requires written consent.

For example, determining agencies may disclose names and eligibility status to a Federal education program, but if the program requests family size, determining agencies **MUST** obtain consent prior to disclosure.

**Consent
Statement
Requirements**

7CFR245.6(f)(5)

- The Consent Statement **MUST**:
 - Be in writing. It may be obtained at the time of application, or at a later time.
 - Identify the information that will be shared and how the information will be used.
 - Be signed and dated. In the case of a child participant, the consent statement **MUST** be signed by the parent or guardian of the applicant household, even though the application for free and reduced-price meals or free milk may be signed by any adult household member.
 - State that failing to sign the consent statement will not affect eligibility or participation for the program and that the information will not be shared by the receiving program with any other entity or program.
 - Enable the parent/guardian/adult to limit consent to only those programs with which he or she wishes to share information.

For example, the consent statement could use a checklist, thereby allowing the applicant to check or initial a box to indicate that he/she wants to have information disclosed to determine eligibility for benefits in a particular program.

**Requirements
for Disclosure of
Social Security
Numbers**

7CFR245.6(f)(6)

- The free and reduced-price application requires the social security number of the adult household member who signs the application. If the adult household member signing the application does not have a social security number, the box indicating no social security number must be checked.
- However, when disclosing or using the social security number provided by the household on the application for any purpose other than the program for which the number was collected (i.e. NSLP, SBP etc.), the determining agency **MUST** modify the notice required by the Privacy Act of 1974 concerning the potential uses of the social security number. The notice **MUST** inform households of the additional intended uses of the social security number.

**Penalties for
Improper
Disclosure**

7CFR245.6(f)(8)

- The NSLA establishes a fine of not more than \$1000 or imprisonment of not more than 1 year, or both, for publishing, divulging, disclosing, or making known in any manner or extent not authorized by Federal law, any eligibility information. This includes the disclosure of eligibility information by one entity authorized under the NSLA to receive the information to any other entity, even if that entity would otherwise be authorized to receive the information directly from the determining agency.

The issues of privacy and confidentiality of personal data is often complicated as well as sensitive. If there is any question as to whether free and reduced price information should be shared with another agency or program, please contact the office of School Health and Nutrition Programs at 602-542-8700 or discuss this issue with your school district's legal counsel.

INCOME ELIGIBILITY

General

7CFR245.6(c)

- To determine income eligibility for benefits, school officials **MUST** compare the household size and the total household income to the IEGs. School officials may be asked by households for guidance as to who to include as a household member or what to include as income on the application for benefits. Although school officials may have to use their own discretion in some instances, the following guidelines are intended to provide assistance in answering questions from households and in making income eligibility determinations.

Determining Household Size

SP-02-08

CNP-01-07

CAC-02-06

SFS-02-05

SP-03-03

SP-03-04

- Household (Family) - a group of related or unrelated individuals who are not residents of an institution or boarding house, but who are living as one economic unit.
- Economic Unit - a group of related or unrelated people who share housing and/or all significant income and expenses of its members. Generally, individuals residing in the same house are an economic unit. However, more than one economic unit may reside together in the same house. Separate economic units in the same house are characterized by prorating of expenses and economic independence from one another.
- Household of One - a one-person household. This term applies to an emancipated student living alone or as a separate economic unit, a foster child, or an institutionalized child.

Adopted Child

7CFR273.1(b)(ii)

- An adopted child for whom a household has accepted legal responsibility is considered to be a member of that household. Subsidies received by households that assist them in caring for these children must be included as household income.

Child Attending an Institution

7CFR245.2(b)

- A child who attends but does not reside in an institution is considered a member of the household in which he/she resides.

Child Away at School

- A child who is temporarily away at school (e.g., attending boarding school or college) should be counted as a member of the household.

Child Living with One Parent, Relative or Friends

- In cases where no specific welfare agency or court is legally responsible for the child, or where the child is living with one parent, other relatives or friends of the family, the child is considered to be a member of the household with whom he/she resides. Children of divorced or separated parents are generally part of the household that has custody.

Joint Custody

- In cases where joint custody has been awarded and the child physically changes residence, the child is part of the household where he/she resides. Therefore, the child's eligibility could change monthly, weekly or even daily depending on the rotating time periods at each household. When eligibility changes as a result of joint custody, the LEA must develop a mechanism to ensure that the child receives the appropriate benefits to which the child is entitled.

Emancipated Child

- A child determined to be emancipated by the State and living alone or as a separate economic unit is considered a household of one. In some cases, an emancipated child may be living with relatives or friends, none of whom is an adult. If the household is one economic unit, all income and household members **MUST** be included to determine eligibility. Age is not a factor in defining an emancipated child.

Foreign Exchange Student

- A foreign exchange student is considered a member of the household in which he/she resides, i.e., the household hosting the student.

Foster Child

Policy 765-5 REV 1

- A foster child is a child who is living with a household but who remains the *legal responsibility* of the welfare agency or court. Such a child is considered a household of one.

Institutionalized Child

Policy 765-5 REV 1

- An institutionalized child is a child who resides, temporarily or permanently, in a residential-type facility, which the State has determined, is not a boarding school. Such a child is considered a household of one. The application must be signed by an official representative of the institution.

Homeless Child

SPS-92-42

SP-02-15

CN-08-03

- The definition of homeless children and youth are individuals who lack a fixed, regular, and adequate nighttime residence. This definition includes:
 1. Children and youths who are sharing the housing of another person due to loss of housing, economic hardship, or a similar reason; are living in hotels, trailer parks, or camping grounds; are living in emergency or transitional shelters; are abandoned in hospitals; or are awaiting foster care placement.
 2. Children and youths who reside in a public or private place not ordinarily used as a regular sleeping accommodation for human beings.
 3. Children and youths who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings.
 4. Migrant children who qualify as homeless because they are living in any of the circumstances above.
- To expedite the delivery of nutritional benefits for the CNP, school officials may accept documentation that a child is homeless from the local educational liaison. Documentation for free meal eligibility must consist of the child's name or a list of names, effective date(s), and the signature of the local educational liaison or the director of the homeless shelter. This documentation is acceptable in lieu of a free and reduced price meal application.
- Although many homeless children will be living in emergency and transitional shelters, under the expanded definition, a homeless child could temporarily live with a friend or family member in a home and still be considered homeless. If a homeless child or family temporarily resides with another household, the host family's income is not taken into consideration when determining whether the homeless family is eligible for free and reduced price benefits in the CNP. A homeless child qualifies for free meals solely based on the documentation provided by the local educational agency liaison.
- In addition, if the host family applies for free and reduced benefits they may include the homeless family as household members if the host family provides financial support to the homeless family, such as shelter, utilities, clothing or food. In such cases, the host family must include any income received by the homeless family. The host family's free and reduced price eligibility is determined by the traditional free and reduced price application. It is the responsibility of the host family to update the school when household circumstances have changed, i.e. the homeless family relocates.

**Family
Members
Living Apart**
CN-19-03

- Family members living overseas or not living with the household for an **extended** period of time are not considered members of the household for purposes of determining eligibility, but any money made available by them or on their behalf for the household is included as income to the household. Family members living apart on a **temporary** basis are considered household members.
- Deployed service members are considered resident family members living apart on a **temporary** basis. Families should be instructed to include the names and income of deployed service members on their meal benefit forms.

**Determining
Household Income**
7CFR273.9(b)

- Reportable Income - Income is any money received on a recurring basis, including *gross* earned income, unless specifically excluded by legislation. Specifically, gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums and bonds. Income includes the following:
 - Earnings from work
Wages, salaries, tips, commissions, net income from self-owned businesses and farms, strike benefits, unemployment compensation, workers' compensation
 - Welfare/Child Support/Alimony
Public assistance/welfare payments (CA, Aid to Dependent Children [ADC], General Assistance, General Relief, etc.); alimony or child support payments; BUT NOT FOOD STAMP BENEFITS
 - Payments from Pensions, Retirements, Social Security
Pensions, retirement income, social security, supplemental security income and veteran's payments
 - Any Other Income
Net rental income; annuities; royalties; disability benefits; interest; dividend income; cash withdrawn from savings; income from estates, trusts, investments; regular contributions from persons not living in the household; and any other money that may be available to pay for the child(ren)'s meals

**Current
Income**

7CFR245.2(a-2)

- Household's MUST report *current* income on a free and reduced-price application.
- Current income is defined as income received by the household during the month prior to application. If this income is higher or lower than usual and does not fairly or accurately represent the household's actual circumstances, the household may project its annual income based on the guidelines identified below.

**Projected
Income
for Seasonal
Workers
and Others**

- Seasonal workers, such as migrants, and others whose incomes fluctuate usually earn more money in some months than in other months. Consequently, the previous month's income will commonly distort the household's actual circumstances. In these situations, the household may project its annual rate of income and report this amount as its current income. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the projected annual rate of income.

**Income for
the
Self-Employed**
7CFR273.9(b)(1)(ii)
7CFR273.9(c)(9)
7CFR273.11

- Self-employed persons may use last year's income as a basis to project their current year's *net* income, unless their current net income provides a more accurate measure.
- Self-employed persons are credited with net income rather than gross income as described here. Net income for self-employment is determined by subtracting business expenses from gross receipts.
- Gross receipts include the total income from goods sold or services rendered by the business.
- Deductible business expenses include the cost of goods purchased, rent, utilities, depreciation charges, wages and salaries paid, and business taxes (*not* personal federal, state or local income taxes).
- Non-deductible business expenses include the value of saleable merchandise used by the proprietors of retail businesses.
- Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts.
- Gross receipts include the value of all products sold, money received from the rental of farmland, buildings or equipment to others, and incidental receipts from the sale of items such as wood, sand or gravel.
- Operating expenses include cost of feed, fertilizer, seed and other farming supplies; cash wages paid to farmhands; depreciation charges; cash rent; interest on farm mortgages; farm building repairs; and farm taxes (*but* not local, state and federal income taxes).

**Income from
Wages and
Self-Employment**
7CFR273.11

- For a household with income from wages and self-employment, each amount **MUST** be listed separately. When there is a business loss, income from wages may *not* be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero income.

**Military
Benefits**

SP-02-08
CNP-01-07
CAC-02-06
SFS-02-05
SP-03-03
SP-03-04
CN-09-02
CN-10-02
CN-47-02
CN-19-03
CN-06-05

- Military benefits received in *cash*, such as housing allowances for military households living off base, Family Subsistence Supplemental Allowance (FSSA) and food or clothing allowances, **MUST** be considered as income.
- Free and Reduced Price meal eligibility will not include the housing allowance for military personnel living in privatized housing as income. However, military personnel that reside off base in non-military housing (general commercial/private real estate) will continue to report housing allowances as income.
- Deployed service members are considered resident family members living apart on a **temporary** basis. Families should be instructed to include the names and income of deployed service members on their meal benefit forms.

**Foster Child's
Income**

- Only the child's income is considered for eligibility purposes. The child's income includes:
 - Funds provided by the welfare agency which are specifically identified by category for the personal use of the child, such as for clothing, school fees and allowances. Welfare funds paid to the foster parents identified by category for shelter and care, and those identified as special needs funds, such as those for medical and therapeutic needs, are not considered as income. Where welfare funds cannot be identified by category, no portion of the provided funds is considered as income
 - Other funds received by the child, including any income the child earns for full-time or regular part-time employment, and money provided by the child's family for personal use

**Institutionalized
Child's
Income**

- Payments from any source directly received by the institution on a child's behalf are not considered as income to the child. Only the income a child earns from full-time or regular part-time employment and/or personally receives while in residence at the institution is considered as income.

**Child's
Income**

- The earnings of a child who is a full-time or regular part-time employee **MUST** be listed on the application as income. However, occasional earnings, such as income from occasional baby-sitting or mowing lawns, should not be listed on the application as income.

**Alimony and
Child Support**

- Any money received by a household in the form of alimony or child support is considered as income to the receiving household. However, any money paid out for alimony or child support may not be deducted from that household's reported gross income. Any alimony or child support payments received by the household **MUST** be included as household income.

**Lump Sum
Payments**

- Lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a loss that **MUST** be replaced, such as payment from an insurance company for fire damage to a house, or they may be payments from lottery or other winnings. When lump sum payments are put into a savings account and the household regularly draws from that account for living expenses, the amount withdrawn is counted as income.

**Garnished Wages
and
Bankruptcy**

- Income is the gross income received by a household before deductions. In the case of garnished wages and income ordered to be used in a specified manner, the total gross income **MUST** be considered regardless of whatever portions are garnished or used to pay creditors.

**Income
Exclusions**
7CFR273.9(c)
SNP-93-42
SPS-92-12
CN-05-05

- Income *not* to be reported or counted as income in the determination of a household's eligibility for free and reduced-price benefits includes
 - any cash income or value of benefits a household receives from any federal program that excluded such income by **legislative prohibition**, such as the value of Food Stamps provided under the Food Stamp Program;
 - **student financial assistance** provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals;
 - **loans**, such as bank loans, since these funds are only temporarily available and **MUST** be repaid;
 - the value or cash payment for any child care provided or arranged under the Child Care and Development Block Grant;
 - the value of **in-kind compensation**, such as military on-base housing, housing for clergy or any other non-cash benefit;
 - payments received under the Job Training Partnership Act (JTPA);
 - occasional earnings received on an irregular basis, i.e., not recurring, such as payment for occasional baby-sitting or mowing lawns; and
 - the subsidy received through the prescription drug discount card program for households on Medicare

CATEGORICAL ELIGIBILITY

Application Requirement

- Migrant, Homeless, and Runaway children are categorically eligible for free meal benefits when:

- A Household Application for free and reduced price meals has been submitted with the child(ren)'s name and Part 3 completed
- LEAs must also obtain information from the school's migrant/homeless/runaway liaison or coordinator to certify that the child(ren) is migrant/homeless/runaway. The information must have the child(ren)'s name, effective date, and be signed by the migrant/homeless/runaway liaison.

Note: The LEA may certify the migrant/homeless/runaway child(ren) for free meal benefits for 30 operating days without the additional information from the school's migrant/homeless/runaway liaison.

- Children enrolled in a Head Start program as a participant part of the "funded enrollment," or meeting the Head Start low-income criteria, are eligible for free meal benefits. Head Start, created in 1965, is a federally funded preschool program that provides comprehensive services for low-income children from ages 3 to 5 and their families. Services include 1) high quality early child education 2) nutrition and health education, 3) social services and 4) a strong focus on parent involvement. A newer program, Early Head Start, was initiated in 1995 and provides the same type of comprehensive services to children from birth to age three.

Acceptable documentation for children enrolled in Head Start:

- Head Start statement of income eligibility issued upon initial enrollment. If the statement is readily available to the official at the foodservice organization who determines eligibility for free meals, no further action is necessary.
 - In those cases where the statement is not readily available (e.g., programs where the food service and Head Start program are administered by separate entities), then the food service determining official must obtain documentation. This can be a list of names of the income eligible Head Start children and a statement certifying that those children "are currently enrolled as participants in the program based on a determination that the children are from households that meet the low-income criteria." It also must include the signature of a Head Start employee authorized to provide certification.
- Children who participate in Head Start but are not determined to be income eligible (i.e. special needs children) or who participate in a State-funded Head Start program, need to complete a free and reduced-price income application in order to be considered eligible for meal benefits.

- A child enrolled in an **Even Start** program is eligible for free meal benefits. Even Start is a program that supports family literacy services for parents and children, primarily from birth through age 7. The program combines early childhood education, child literacy, adult literacy and parenting education into a unified family program to help break the intergenerational cycle of poverty and low literacy in the nation. The income criteria for this program meets the criteria of free eligibility for the National School Lunch Program; therefore, the Food Service director does not need a Free and Reduced-Price application from the parents/guardian.

Acceptable documentation for a child enrolled in Even Start:

- The child **MUST** be enrolled as a participant in a *Federally-funded* Even Start Family Literacy Program and **MUST** be at the pre-kindergarten level.
 - Categorical eligibility **DOES NOT** apply to other family members.
 - A statement of enrollment from an Even Start official needs to be on file with the Food Service director.
- Documentation of a child's participation in a *Federally-funded* Head Start or Even Start program is required to establish categorical eligibility for free meals in the NSLP or SBP, or for free milk in the SMP. Confirmation that the child has not yet entered kindergarten **MUST** be included in the documentation from the Even Start official.
- When a household submits a complete application that contains the name of the child, a current FDPIR, CA, or FS case number and the application contains an adult signature, the determining official **MUST** approve the child for free meals or free milk, as applicable. No further application information is required as this is "Case Number Eligibility".

NOTE: Social security numbers are not used for Food Stamp/CA case numbers. Food Stamp/CA case numbers are eight (8) digits and may be preceded by two (2) or more zeroes. On some correspondence the zeroes may be dropped. **FDPIR numbers vary by tribal program.**

**Case Number
Application
Requirement**

- A child from a household currently certified to receive Food Stamps, FDPIR (Food Distribution Program on Indian Reservations) or from a CA (Cash Assistance) unit is eligible for free meals.
- A complete application consists of
 - the child(ren)'s name,
 - each child's FDPIR, CA, or FS case number, and
 - the signature of an adult member of the householdThe complete application must be taken at face value, certifying the child(ren) for free meals.

**Direct
Certification**
7CFR245.6(b)

- Direct certification is a simplified method of determining some children's eligibility for free meals under the NSLP, SBP or free milk under the SMP; without having the family complete a free and reduced-price meal or free milk application.
- A legislative provision now allows the LEA to determine a child as eligible for free meals or free milk based on information obtained directly from the Arizona Department of Economic Security (DES) indicating that a child is a member of a household currently certified to receive Food Stamps or an assistance unit currently certified to receive CA benefits.
- When distributing income applications, children who are determined eligible through Direct Certification match results do not need to receive an income application.

Note: Schools must distribute income applications to the remaining students in a manner that prevents overt identification and ensures that no child is inadvertently excluded from participation.

**Information
Provided to the
Household**
7CFR245.6(c)(1)

- LEA's MUST ensure that families receive either a direct certification letter or an application for free and reduced-price school meals. LEA's that distribute the letter or notice and application through the mail, individual student packets, or other method that prevents the overt identification of children eligible for direct certification; are not required to distribute the letter or notice and application at the beginning of the school year to those households eligible under direct certification. Under this option, households eligible under direct certification will receive a letter notifying them that their children are eligible for free benefits, while all other households will receive a parent letter or notice with an application form.

**Delivery of
Benefits**

7CFR245.6(c)
PL- 108-265

- The LEA MUST provide benefits promptly. Eligible students may receive benefits immediately and the LEA may assume consent if refusal has not been received within a certain number of days, as determined by the LEA.
- If the household refuses benefits, the LEA MUST discontinue benefits immediately and document the refusal.
- Benefits continue for one year.

SPECIAL ASSISTANCE

Provision 1

7CFR245.9(a)

- Schools with at least 80 percent of enrolled children determined eligible for free or reduced-price meals may apply for Special Assistance, Provision 1. When authorized, the school may reduce annual certification and notification for those children eligible for free meals to once every *two* consecutive school years.

Provision 2

7CFR245.9(b)

- Schools may apply for Special Assistance, Provision 2. When authorized, the school may reduce annual certification and notification for free and reduced-price meals to once every *four* consecutive school years. Schools in Provision 2 **MUST** be non-pricing throughout the four-year cycle.

Provision 3

7CFR245.9(d)

- Provision 3 allows schools with high percentages of children eligible for free and reduced-price meals to certify eligible children and reduce annual certification and notification to once every *five* years. Schools must be non-pricing during the last four years of the cycle.

The Arizona Department of Education, School Health and Nutrition Programs must give prior approval before schools are eligible for Special Assistance. For more information about Special Assistance, please refer to the Special Assistance Guidance Manual. Or contact the Arizona Department of Education, School Health and Nutrition Programs, at (602) 542-8700 for further information.

Additional information is also available online at www.ade.az.gov/health-safety/cnp/sa/

QUESTIONS AND ANSWERS

Letter/Notice to Households and the Application

1. Q: How do I handle the distribution of applications for year-round schools?

A: Applications should be distributed no earlier than July 1 of each school year. This is to ensure that households provided current eligibility criteria and eligibility determinations are based on the current income eligibility guidelines.
2. Q: May I provide applications at the end of the school year for parents to return at the beginning of the next school year?

A: No. Households **MUST** be provided with the income application and other eligibility criteria on or about the beginning of the school year. Income applications may be distributed and approved once the sponsor application renewal has been approved, but may not be distributed prior to July 1, and no more than 30 days prior to the first day of school.
3. Q: May I distribute applications in the lunch line?

A: This is not recommended. If the application is distributed in the lunch line, all students may not have access to the application.
4. Q: May I distribute the applications to the children or do I have to mail them to the parents? May I announce that applications are available in the principal's office for any child or parent who wants one?

A: The school may distribute the applications to the children. They do not have to be sent in the mail. For example, the school could include the application in a packet of school-related information addressed to the parent, but carried home to the parent by the student at the beginning of the school year. Schools must distribute income applications to students in a manner that prevents overt identification and ensures that no child is inadvertently excluded from participation. Applications **MUST** be distributed in some manner. A public announcement that applications are available and interested parties may pick one up is not sufficient.

5. Q: Must I send applications to children who were approved last year?
- A: Schools are required to distribute applications each school year to all children in attendance that were not determined eligible through Direct Certification match results. Schools may not distribute applications prior to July 1st, and not more than 30 days prior to the first day of school. This requirement is designed to ensure that current annual income and household size are correctly represented each year. The only exception to this requirement is afforded to schools that elect to participate in the Special Assistance certification and reimbursement alternatives. (See section on Special Assistance, page 53.)
6. Q: In a computerized operation, may I submit a pre-printed copy of last year's application for the household to confirm the accuracy of the application and sign it? If not, what items may I pre-print?
- A: It is the household's responsibility to complete the application. A school may send households an application with the child's name, the name of the household and the household's address pre-printed on it. No other information may be pre-printed.
7. Q: Do I have to provide foreign language translations of the application and household letter/notice if I have translators available to assist the households in completing the application?
- A: LEAs MUST send appropriate non-English language parent letters and application forms to households if a significant number of enrolled children come from households belonging to the same foreign language group and having limited English communication skills. If the number of non-English language households is not significant, the LEAs need not provide foreign language translations. Such LEAs are, however, encouraged to provide assistance in filling out applications through the use of foreign language personnel.

Processing Applications

8. Q: How much judgment or discretion may a LEA exercise in determining whether a household does or does not meet the eligibility criteria for benefits?
- A: Frequently, questions arise concerning what is to be included as income and what constitutes a household. The *Free and Reduced-Price Policy Handbook* is intended to provide guidelines for those individuals making eligibility determinations. The guidance cannot, however, address each individual situation. Determining officials will occasionally have to apply the broad concepts set forth in this guidance to some individual situations. If unusual situations unlike any examples in the guidance arise, the determining official should contact the Arizona Department of Education, School Health and Nutrition Programs.

9. Q: How quickly should I process applications?

A: Applications for new students and others who cannot be provided meal benefits based on the prior year's eligibility should be processed as quickly as possible. For children with an application on file from the prior year, such as returning students and new students who had siblings in the school the prior year, an eligibility determination should be made within 10 working days of the return of the new application.

10. Q: If a student leaves the LEA late in the school year, in March for example, and returns at the beginning of the next school year, may the child be fed based on last year's application prior to application approval?

A: Yes the child is eligible for the first 30 operating days, if the child was eligible for benefits when the household left the LEA.

11. Q: If any item of required information is missing from the free and reduced-price application, may the determining official make an eligibility determination on the basis of a sibling's application or must he/she consider the application incomplete and take follow-up action?

A: A determining official may look to a sibling's application for any item of required information, except CA/Food Stamp information. Since CA/Food Stamp eligibility is on an individual basis, the determining official MUST either contact the household for that information or consider the application incomplete.

The official may staple the applications together. In lieu of stapling the two applications together, the official may photocopy the complete application and staple the photocopy to the incomplete application or transfer the information from the complete application, initialing it and noting the source of the information. The complete application MUST be readily available for review.

12. Q: If any item of required information is missing from the free and reduced-price application, may the determining official complete the application for the household using information derived from other records available to the school?

A: No item of required information may be derived from a source other than the household or a sibling's application.

13. Q: A household voluntarily provided pay stubs with the application which conflict with the income information on the application. According to the income information on the application, the household is eligible for benefits. However, the pay stubs indicate the household is not eligible. What should the determining official do?

A: The submission of eligibility information that does not support the content of the application MUST NOT affect the initial eligibility determination. The determining official MUST approve or deny the application on face value and notify the household of the initial eligibility determination. However, when the household submits eligibility information, either voluntarily or as required by the school, that does not confirm the

level of benefits for which the household has been approved, the school official **MUST** take appropriate action. When this occurs at the time of application, the school may combine the notice of approval with the notice of adverse action in a single letter. This provides the household opportunity to resolve the discrepancy during the 10-day advance notice of adverse action. However, when the determining official believes that the household may have additional information substantiating the eligibility determination, the school may combine the notice of approval with the notice of selection for verification to give the household opportunity to submit additional documentation to confirm eligibility. School officials are in the best position to determine the appropriate action to take. However, the inconsistency **MUST** be resolved.

14. Q: A household voluntarily provided pay stubs with the application, but did not write the amount of each person's income on the application. All other items were completed. According to the pay stubs, the household is eligible for benefits. What should the determining official do?
- A: Rather than denying the application or returning the application to the household, the determining official may contact the household, by phone or in writing, to ensure that the household submitted all documentation of income. The official should document the contact, enter the information on the application, and initial and date the action.
15. Q: A family recently moved to Arizona, the family reports zero income, but was a Food Stamp household in the other state. Could this family be determined free based on their out-of-state Food Stamp number?
- A: No, when a new child enrolls in school, it is recommended that the applicant's eligibility be based on the household's current circumstances. When a household leaves a state, the household can no longer receive Food Stamps from that state. The current circumstances would warrant a temporary approval, based on zero income. At the end of the temporary approval, Food Stamp certification in Arizona should be complete. The family would provide an Arizona Food Stamp number at this time.
16. Q: What is acceptable as an adult signature?
- A: Any printed name or cursive signature appearing in the space following the certification statement is an acceptable signature. We cannot expect all legal signatures to be cursive.
17. Q: When a Household Application is submitted for each sibling separately and the adult signature is missing on one or more of the applications can a sibling's application with a signature be photocopied and/or stapled to the application(s) missing the signature(s) to make a complete application?
- A: Yes, if the remainder of the information on the application with the missing signature is the same as the information on the application(s) missing the signature.

18. Q: Several applications, none of which is complete, are submitted from the same household for different children. How many sibling applications can be used to generate a complete application?
- A: There **MUST** be at least one complete application in which the household member has certified the information to be correct from which information may be obtained to complete one or more sibling applications.
19. Q: If a sibling was not listed on last year's application but comes from a family with children who were eligible for free meals last year, can I claim free reimbursement for that child before applications are processed for the school year?
- A: Yes, the LEA may claim the same level of benefits for new children from households with children who were approved for benefits last year, **EXCEPT THAT** categorical eligibility, direct certification, and case number eligibility cannot be applied to a sibling.
20. Q: Can the determining official make an eligibility determination based upon other income sources, which were not declared on the application but about which the official knows?
- A: No. The determining official **MUST** make the initial determination based upon the face value of the application. However, immediately after the application is approved, the LEA may begin the verification process on that application.
21. Q: What if the determining official suspects that there are other sources of income?
- A: Any application that contains questionable information **MUST** be verified as soon as possible.

Complete Application

22. Q: Does an emancipated child sign his/her own applications? Is a social security number required?
- A: An emancipated child who lives alone as a household of one or as a member of a household with no adult members **MUST** sign his or her own application. No social security number is required, since the emancipated child is not an adult.

23. Q: Who signs the application for a foster child?
- A: The foster parent/guardian or other official representative for the child **MUST** sign the application for a foster child; however, the foster parents'/guardians' income, household size and social security number are not needed on the application.
24. Q: Does income have to be indicated on the application for a foster child?
- A: Yes. The child's income **MUST** be considered for the eligibility determination. A foster child's income includes funds provided by the welfare agency, which is specifically identified by category for the personal use of the child, such as for clothing, school fees and allowances. In addition, other funds received by the child are included as income; for example, income a child earns for full-time or regular part-time employment and money provided by the child's family for personal use. If no funds are specifically identified for personal use, income should be listed as "0," and the application should be approved for the full school year. This also applies to applications for children residing in residential child care institutions.
25. Q: What if there is no income on an application? Do I consider it as zero, or should I go back to the household for additional information?
- A: If no income is listed on the application, the determining official should contact the household for additional information. If the determining official is unable to contact the household, the application **MUST** be denied because it would be incomplete.
26. Q: What if the racial/ethnic data collection question is not completed?
- A: Parents' provision of this information is voluntary and failure to provide the information **MUST NOT** affect the child's eligibility for benefits. LEAs are required to develop alternative means of obtaining racial and ethnic data for applicants when such information is not voluntarily provided by parents on the application.
27. Q: What applications may be considered for temporary approval?
- A: Applications receiving temporary approval may include those from households affected by temporary layoffs, strikes, temporary receipt of public assistance and zero income. Zero income, however, may be acceptable for a foster child or institutionalized child, and does not require any further action. Determining officials should use their own judgment and consider temporary approval for other questionable situations.

28. Q: An application was approved for benefits and the household notified. During a review of the applications later in the school year, the reviewer discovered that the determining official had erred and that the information on the application did not support the household's eligibility for benefits. What should be done?
- A: Whenever there is a reduction or termination of benefits, for whatever the reason, households **MUST** be provided the 10-day advance notice of adverse action. When there is an increase in the level of benefits, the household **MUST** be notified and the increase in benefit level provided promptly.
29. Q: What kind of notice is recommended for children determined to be eligible for free or reduced-price meals?
- A: Households **MUST** be notified of their eligibility for benefits. LEAs should notify households of their child's eligibility for free or reduced-price benefits either in writing or by phone. Households denied benefits **MUST** be notified in writing.
30. Q: If a school is providing benefits for a child during the first 30 operating days of the school year based upon income information from the previous year's eligibility, and upon receiving the current year application for the household, the school determines there is a change in the household's eligibility, is it necessary to provide the notice of reduction or termination of benefits at the end of the 30 days, or earlier date as determined by the LEA?
- A: No, it is **NOT** necessary to provide this notice of reduction or termination of benefits at the end of the 30 days, or earlier date.

Maintenance of Applications

31. Q: Do applications have to be maintained at the school, or may they be maintained at a central location with a list of eligible students maintained at the school?
- A: Applications may be maintained either at the school or at a central location with a list of eligible students (roster) maintained at the school. If a LEA elects to maintain applications at a central location, applications **MUST** be retrievable by the school, and the LEA **MUST** ensure that changes in eligibility status and transfers in and out of the school are accurately reflected on each school's roster in a timely fashion, such as three operating days.
32. Q: In a computerized operation, where the computer generates the determination, does the determining official have to sign or initial each application?
- A: No. The determining official may sign/initial and date a sheet of paper, which would then be attached to a batch of applications. However, the computer system should be able to capture the original date of approval and update the status of applications to account for transfers, withdrawals, terminations and other changes.

33. Q: May changes in status of an application be maintained in a computer instead of being noted on the application?

A: Yes. Changes in the status of an application may be maintained in a computer instead of being noted on the application. School officials **MUST** ensure that the changes are readily retrievable by school and are provided to state and federal reviewers along with the applications during a review of the applications.

34. Q: If I have temporarily approved an application, and if after the temporary approval period I know that circumstances have not changed, do I have to contact the household, or may I automatically extend the temporary approval?

A: After the temporary approval period, each household should be contacted again to offer the household an opportunity to report changes in household size and income information. They must also submit documentation and a reasonable explanation to the LEA of how the household is able to survive with out any source of income.

Income

35. Q: Why is the off-base housing allowance provided to service personnel counted as income when the value of on-base housing is not?

A: Income is defined as all cash received on a recurring basis. In-kind benefits, by definition, are not cash payments and, therefore, are not considered as income for the purpose of determining free and reduced-price eligibility. School officials are not in a position to determine the value of in-kind benefits, such as housing for clergy, cars for salespersons, employee medical or dental benefits, etc. The income exclusion for in-kind benefits is uniform throughout the school meal programs. To treat in-kind benefits provided to military households differently from in-kind benefits provided to the general population would create an inequity. The fact that the value of military on-base housing is more readily identifiable than other sources of in-kind benefits would not lessen the inequity.

36. Q: What are some examples of payments from federal programs, which are excluded from consideration as income by legislative prohibition?

A: (1) The value of assistance to children and their families under the National School Lunch Act, the Child Nutrition Act of 1966 and the Food Stamp Act of 1977; (2) any payment to volunteers under Title I (VISTA and others) and Title II (RSVP, foster grandparents and others) of the Domestic Volunteer Service Act of 1973 to the extent excluded by that Act; (3) payments received under the Job Training Partnership Act; and (4) student financial assistance received under Title IV of the Higher Education Act of 1965, including the Pell Grant, Supplemental Education Opportunity Grant, State Student Incentive Grants, National Direct Student Loan, PLUS, College Work Study and Byrd Honor Scholarship Programs, to the extent excluded from the Act.

37. Q: Is the U.S. Armed Forces FSSA counted as income for the purposes of determining eligibility?

A: For eligibility determination purposes, the FSSA payments MUST be counted as earned income to the household, because there is no legislative authority that would permit the exclusion of FSSA payments from consideration as income. Please note that some military families receiving FSSA payments may still be income eligible for free or reduced price meal benefits. Other military families receiving FSSA payments also may be certified to receive Food Stamp benefits; families receiving Food Stamps would be eligible for free meals or free milk in the NSLP, SBP and SMP.

38. Q: What is included as income for foster children?

A: Funds provided by the welfare agency that are specifically identified by category for the personal use of the child, such as for clothing, school fees, and allowances. Welfare funds paid to the foster parents identified by category for shelter and care, and those identified as special needs funds, such as those for medical and therapeutic needs, are not considered as income. Where welfare funds cannot be identified by category, no portion of the provided funds is considered as income; and other funds received by the child, including any income the child earns for full-time or regular part-time employment, and money provided by the child's family for personal use.

39. Q: What income is reported for students who reside in a residential childcare institution (RCCI)?

A: Payments from any source, directly received by the institution on the child's behalf, are not considered as income to the child. However, the money a child personally receives or earns from any full-time or regular part-time source is considered income.

40. Q: Is an application required for students who reside in an RCCI and attend public school during the day?

A: Yes. The day school MUST have an application on file for each child for whom a free or reduced-price meal is served and claimed for reimbursement, regardless of the child's place of residence. A complete application would consist of the student's name listed in the foster child section of the application, income information, and the signature of the adult authority of the student's residence.

Institutionalized children are not to be categorically certified as eligible for free or reduced-price benefits. A record of each child's income, even if "0," MUST be identified on the application for free and reduced-price meals.

41. Q: If the household indicates \$0 for income, is that sufficient?

A: "Zero income" is sufficient for a temporary approval. School officials should confirm the continued eligibility of a zero income Household Application every 45 days. However, some circumstances may warrant approval of a zero income application for the school year, such as for the foster or institutionalized child.

42. Q: If one household owns a housing unit and rents living space to another household, does the household receiving the rental fee have to report this amount as income?
- A: Yes. Income includes money derived from rent of room(s), apartment(s), etc. If a household receives rental income from another household, it **MUST** be included as income. The treatment of rental income would be similar to the treatment of self-employment income.
43. Q: Are children for whom households receive adoption assistance payments under Title IV-E of the Social Security Act automatically eligible for free school meals?
- A: No. Although Sections 673 and 674 of the Social Security Act specify that, for purposes of Titles XIX (medical assistance) and XX (child care), children whose parents receive adoption payments shall be deemed to be recipients of the Aid to Families with Dependent Children program, the statute did not extend this equivalency to the NSLP, SBP or SMP. Additionally, since there is no legislative prohibition from considering the adoption assistance payments as income, the amount of assistance **MUST** be included as household income in the free and reduced-price meal eligibility determination.

Household Size

44. Q: When foster parents apply for benefits for their own children, do they include their foster children as household members, and do foster parents include the payments provided by the welfare agency for care of the foster children as income to the household?
- A: No. Since each foster child, including a preschool foster child, is a household of one, foster children are not included in the foster parents' household. Payments received by the household for care of the foster child are intended to be used for the foster child and, therefore, are not included as part of the foster parents' income.
45. Q: How do I handle joint custody of a child?
- A: In cases where joint custody has been awarded, the child is part of the household where he/she resides. In some cases, the child's living arrangements could change monthly, weekly or daily. The child **MUST** be provided appropriate benefits. The LEA **MUST** develop some reasonable mechanism to ensure that the child receives the benefits to which he/she is entitled.
46. Q: What if a child lives with his/her parents and is required to pay for room and board? Is the child a separate household?
- A: No. The family continues to have legal responsibility for the child. The child may be considered a separate household only in those cases where the court has declared the child to be emancipated.

47. Q: If two separate households rent living space (e.g., an apartment or house), and one household gives its portion of the rent to the other household, which in turn transmits the full rent to the landlord, does the rental income given to the transmitting household count as rental income?
- A: No. The transmitting household has not received income; rather, it is performing a simple financial transaction that does not provide it with additional income.
48. Q: What do I do if a child is eligible for free meals, but the household wants to pay the reduced-price?
- A: The school should respect the family's wishes and allow the child to pay the reduced price. The application should correctly reflect that the child is eligible for free meals. However, the school should note on the application that the family has elected to pay the reduced price. The meals served to such a child **MUST** be claimed for reduced-price reimbursement since the school received the reduced-price payment from the household.
49. Q: May the approval of applications be delegated to a Food Service Management Company along with other management responsibilities?
- A: No. The determination of eligibility for free and reduced-price meals is a LEA responsibility and may not be assigned to a Food Service Management Company. School officials are directly responsible for determining eligibility and maintaining the confidentiality of the information on the application.
50. Q: How do I determine the eligibility of a household that has some children who are included under a Cash Assistance (CA) unit and other children who are not under the CA unit?
- A: Children in a CA unit are eligible for free benefits. The application for such children need only contain the child's name, a current CA number for each child eligible under the CA unit, and the signature of an adult household member. The application for children in the same household who do not fall under a CA unit **must** include the information required of all other households, i.e., name of all household members; social security number of the adult household member who signs the application, or an indication that the household member does not have a social security number; the amount of income each household member receives and where it comes from (including the amount of the CA or other welfare grant); and the signature of an adult household member.

51. Q: If a child is taken out of their home by Child Protective Services (CPS) and placed with a family member not receiving benefits, what household do I determine this child to be a member of?

A: When CPS removes a child from their home the child becomes a ‘temporary court ward’ and is the legal responsibility of CPS. Since the agency retains legal responsibility for the child, the house of the family member is, in fact, an extension of that agency and the child is considered an economic unit of one. Since the child is an economic unit of one, the household size or income of the family member is not used to determine eligibility.

Processing Applications Update

52. Q: What is acceptable as an adult signature?

A: Any printed name or cursive signature appearing in part 5 of the free and reduced-price application is an acceptable signature.

53. Q: Once an application is approved, how long does the eligibility last?

A: According to Reauthorization 2004, benefit determinations are certified for one year.

54. Q: Several Household Applications, none of which is complete, are submitted from the same household for different children. How many sibling applications can be used to generate a complete application?

A: There must be at least one complete application in which the household member has certified the information to be correct. Information from this complete application may be used to complete one Household Application.

Special Milk Program

55. Q: What are the requirements for LEAs operating the SMP?

A: A free policy statement **MUST** be approved by the SA for LEAs participating in the SMP with the free milk option. LEAs may submit one policy statement for both meals and milk when some of the schools in the district participate in the SMP and others participate in meal programs. Specific instructions on the development of the policy statement and policy approval process are provided to LEAs by the State Agency.

Categorical Eligibility – Head or Even Start

56. Q: Does categorical eligibility apply to State-funded Head Start programs?
- A: Categorical eligibility can be used in State funded pre-kindergarten Head Start programs with eligibility requirements identical to or more stringent than those used by the Federally-funded Head Start centers.
57. Q: What is considered acceptable documentation of a child's Head Start or Even Start participation?
- A: Documentation of a child's Head Start or Even Start participation could include: 1) an approved Head Start or Even Start application for the child's family; or 2) a statement of enrollment in Head Start or Even Start; or 3) a list of children participating in Head Start or Even Start; and in the case of Even Start, confirmation that the child has not yet entered kindergarten.

Direct Certification

58. Q: May parents of children who are determined to be eligible under direct certification refuse the benefits?
- A: Yes, parents may refuse benefits by notifying the school after they receive the notice of their eligibility.
59. Q: What are the record retention requirements for LEAs that implement direct certification?
- A: LEAs MUST keep documentation for direct certification on file for a minimum of 3 years after submission of the final claim for reimbursement for the fiscal year to which they apply. In the case of an audit, the LEA MUST keep the documentation on file beyond the 3-year period until resolution of the audit findings.

Confidentiality

60. Q: What does disclosure mean as it relates to children's personal free and reduced-price meal eligibility information?
- A: Disclosure means revealing or using individual children's program eligibility information that is obtained through the free and reduced-price eligibility process for a purpose other than the purpose for which the information was obtained. Disclosure includes but is not limited to access, release, or transfer of personal data about children by means of print, tape, microfilm, microfiche, electronic communication or any other means. It includes eligibility information obtained through the free and reduced-price application or through direct certification and whether the children are eligible for free meals or reduced-price meals.
61. Q: May representatives of State or local education agencies evaluating the results and compliance with student assessment programs have access to children's eligibility information?
- A: State and local representatives of State or local education agencies would be covered only to the extent that the assessment program was established at the State, not local level.
62. Q: May the principal of a school compare the test scores of students in his/her school by socioeconomic status, to the test scores of students in another school in the same district?
- A: Students' names and free or reduced-price eligibility status may be disclosed, without consent, for a Federal or State education program. Parental consent is required for disclosure for a local education program or use.
63. Q: May the LEA disclose eligibility information to other CNPs?
- A: The LEA may disclose all eligibility information from children's free and reduced-price applications or information obtained through direct certification to persons directly connected with the administration or enforcement of the *programs authorized under the NSLA or Child Nutrition Act of 1966*. This includes the NSLP, SBP, SMP, Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP), and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). This means that program eligibility information collected for any one of the CNPs may be shared with another CNP, even if the programs are sponsored by different entities. For example, a public school may disclose information from children's free and reduced-price school meal applications, without parental consent, to a SFSP administered by Parks and Recreation.

64. Q: Who are persons “directly connected” to the administration or enforcement of a program?

A: The LEA may disclose children’s eligibility status only to persons determined to be “directly connected” with the administration or enforcement of a Federal education program, State education program, State health program or a means-tested nutrition program; also, to persons directly connected with the Comptroller General Office or law enforcement for an authorized activity.

Persons directly connected to program administration or program enforcement include Federal, State and local program operators responsible for the ongoing operation or activities of their respective program, and compliance officials responsible for the monitoring, reviewing, auditing or investigating a program authorized to have access to free and reduced-price eligibility information.

65. Q: To which nutrition programs may an LEA disclose children’s eligibility information?

A: Federal, State or local means-tested nutrition programs with eligibility standards comparable to the NSLP (i.e., food assistance programs to households with income at or below 185% of the Federal poverty level, such as the Food Stamp Program or a State or local nutrition program).

66. Q: May the elementary district LEA that feeds into the local high school district LEA provide the high school LEA with the previous school year’s eligibility determinations to allow the high school LEA to certify the new students for the first 30 days?

A: Yes. In order for the high school LEA to use previous school year’s eligibility determinations for the first 30 days, the elementary LEA must provide the high school LEA with copies of the household applications and both LEAs must also sign a confidentiality agreement.

SECTION 4

VERIFICATION

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VERIFICATION OF ELIGIBILITY FOR SCHOOL MEALS

Definition

7CFR245.2(m)

•Verification is confirmation of eligibility for free and reduced-price meals under the National School Lunch Program or School Breakfast Program. Verification **MUST** include either confirmation of income eligibility and/or confirmation that the child is eligible to receive Food Stamps (FS), Cash Assistance (CA), or is eligible to participate in the Food Distribution Program on Indian Reservations (FDPIR). At State or local discretion, verification may also include confirmation of any other information on the application, which is required as a condition of eligibility.

Exemptions from

Verification

7CFR245.6a(a)(5)

- Verification efforts are **not required for**:
 - All homeless, runaway, and migrant children are categorically eligible for free meals once identified by a homeless education liaison, shelter director, migrant education coordinator, or other appropriate official. Once identified, such children do not have to submit an application to receive free meals and **are not** subject to verification.
 - Children directly certified under direct certification procedures **are not** subject to verification.
 - RCCIs, with the exception of those who have day students in attendance **are not** subject to verification. Day student applications must be verified.
 - Schools participating in the Special Milk Program and do not collect income applications **are not** subject to verification.

(Note: Schools may choose not to count applications for children in split-session kindergarten programs participating in the Special Milk Program in a school where all remaining grades participate in the SBP and/or NSLP when determining the verification sample size)
 - Local Education Agencies (LEA) in which schools are participating in Special Assistance Provision 2 and/or Provision 3 and are operating a NON-base year **are not** subject to verification. Note: Special Assistance sponsors operating a BASE year school are required to complete verification procedures.

General Requirements

7CFR245.6a(a)
Child Nutrition and
WIC Reauthorization
Act of 2004
Public Law 108-265
CN # 24-05
CN # 47-05

- Annually, each Local Education Agency (LEA) MUST select and verify a sample of applications approved for benefits, **excluding** all directly certified children and categorically eligible children.
- LEAs MUST use the Standard Sampling Method, except those who qualify for one of the Administrative Relief Methods (Random or Focused Sampling). LEAs have the option of verifying 100 percent of all applications.
- The required sample size is based on the total number of approved **applications** on file as of **October 1**, regardless of whether the LEA utilizes the Standard Sampling Method or one of the Administrative Relief Methods (Random or Focused Sampling).

NOTE: An application is counted as one application regardless of whether it is a multi-child application (household application) or an application for one child. The sample size depends on the number of paper applications, not the number of children represented. When calculating sample sizes, all fractions or decimals MUST be rounded upward to the nearest whole number. A multi-child application counts as one application in calculating the sample size.

- Under the **Standard Sampling Method**, the LEA MUST verify a minimum of the lesser of 3 percent or 3000 of the total number of approved applications *from error-prone applications (within \$100 per month or \$1,200 per year)*, **excluding** all directly certified children and categorically eligible children.
- Under the **Administrative Relief Methods**, the LEA MUST meet specific criteria to qualify for one of the two following methods:
 - **Random Sampling Method**, the LEA MUST verify a minimum of the lesser of 3 percent or 3000 of the total number of approved applications *selected randomly*, **excluding** all directly certified children and categorically eligible children.
 - **Focused Sampling Method**, the LEA MUST verify a minimum of:
 - (1) the lesser of 1 percent or 1,000 of the **total** number of approved applications (both income and case number). Income applications must be selected *from error-prone applications (within \$100 per month or \$1,200 per year)*, **excluding** all directly certified children and categorically eligible children.

PLUS
 - (2) the lesser of .5 percent (one half of 1 percent) or 500 of the total number of FS, CA, FDPIR case number eligible applications.

NOTE: If all children listed on an application are directly certified and a case number or income application is on file, the application should not be counted within the total.

- The LEA **MUST** complete verification of the minimum required sample size by **November 15th**.
- The LEA must collect and report the number of students who were terminated as a result of verification, but who were reinstated as of **February 15th**.
- All LEAs must submit a Verification Report by **March 1st** through ADE's Common Logon.
- Failure to submit Verification Report by **March 1st** through ADE's Common Logon may result in claims and commodities being placed on hold.
- Verification **MUST** take place *after* the application has been approved, even if the LEA required households to submit documentation of eligibility with the application.
- See Appendix F for a sample Verification Schedule.

Implementation 7CFR245.6a(a)

- Although the required sample size under both Standard and Administrative Relief Sampling is based on the number of approved applications on file as of October 1, LEAs may begin verification prior to this date. LEAs may, based on experience, project the number of approved applications that they anticipate will be on file as of October 1. However, the LEA **MUST** compare this estimate with the actual number of applications on file as of October 1 and increase the sample size if the total number of approved applications on file exceeds the estimate.
- LEAs may verify more than the required minimum sample (up to 100 percent of all approved applications) as long as the selection of applications does not involve discrimination against anyone on the basis of race, color, national origin, age, sex or disability. **The LEA has an obligation to verify all questionable applications.** However, any verification that is done "for cause" must be done in addition to the sample required and may not count toward meeting the requirements of the sample size.
- The LEA **MUST** complete the verification process for all households that have been **notified of their selection of verification** and have been asked to submit verification information. For example, the LEA cannot select five percent of the applications on file and notify those households of their selection with the hopes of getting three percent to respond to fulfill the verification requirement. The LEA **MUST** follow-up with any household notified of their selection if the household does not respond.
- **When calculating sample sizes, round all fractions or decimals upward to the nearest whole number.** (Calculate to three decimal places and round up to the nearest whole number.)

- **LEAs MUST conduct a confirmation review of ALL applications selected for verification prior to conducting any other verification activity.** The review must be completed by an individual other than the individual who made the initial eligibility determination. This person will be the confirming official and must sign and date the office use only section of the application following review of the applications selected.

The Confirmation Review may be completed in one of two ways:

1. The Confirmation Review may be conducted immediately after the initial eligibility certification is completed. This would be a good option for schools that already have a policy of double checking all eligibility certifications.
2. The Confirmation Review may be conducted as part of the verification process and only applications selected for verification would have a Confirmation Review conducted. When a Confirmation Review is completed as part of verification the following requirements apply:

Notification of Benefit Changes due to Confirmation Review

- If the Confirmation Review leads to a change in benefits that is a benefit to the household, the LEA should make the change as soon as possible and continue with the verification process.
 - If the Confirmation Review leads to a decrease in benefits for the household, the LEA should proceed with verification before any notice of a change in eligibility status is given. These procedures are designed to avoid a possible unnecessary reduction in benefits.
- A LEA who utilizes a technology-based system when processing applications that demonstrate a high degree of accuracy may receive a waiver, if approved by ADE.
 - The LEA must submit a request for a waiver on school letterhead to their assigned specialist prior to starting the verification process. The request must include the name of software used and an explanation of how the software demonstrates a high degree of accuracy.

- **The LEA is required to make at least one additional attempt to obtain the necessary verification information from households who fail to respond to the initial request for verification information. The individual responsible for the follow-up attempt must sign and date the office use only section (follow-up official's signature) of the application.**
 - The attempt may be made through the mail, by telephone, by email, or through personal contact.
 - LEA must document any attempts and the results.
 - If unable to verify the household's eligibility status after the follow-up attempt(s), the household's benefits must be terminated through a notice of adverse action.
 - LEA may contract with a third party to assist with the required follow-up activity. Any third party is subject to confidentiality requirements.
- LEAs may elect to decline to verify up to 5% of applications selected for verification and replace them with other applications to be verified. LEAs **may not** use this discretion to reduce the overall number of applications they verify, but may use it to continue providing free or reduced-price meals to vulnerable children whose parents are unlikely to respond to the verification request and to increase the verification response rate.
- **LEAs must provide all households selected for verification with a telephone number they may call for assistance. The call must be free to all households in the LEA.**
 - The LEA may establish a toll-free number or allow households to reverse the charges if any households in the school district are outside the local calling area.
 - LEA may provide different telephone numbers for each local calling area within the school district.
 - The household must be able to contact a school or LEA official who can either directly assist them or can refer the caller to a specific person for help.
 - If the household is unable to obtain assistance during their initial call, an LEA or school official must attempt to initiate further contact.

Sampling

Requirements

Child Nutrition and
WIC Reauthorization
Act of 2004

Public Law 108-265

CN # 24-05

CN # 47-05

CN # 49-05

- All Local Education Agencies (LEA), with a few exceptions, must use the Standard Sampling Method to determine the number of applications to verify. See Appendix Q to determine what sampling method to use.

Standard Sampling Method

Sample Size Requirement for Standard Sampling

(See worksheet, Appendix G)

- This method is similar to the Random Sampling Method used in the past years. The Standard Sampling Method continues to be the lesser of 3 percent or 3,000 applications; however **the sample MUST be selected from error-prone applications (within \$100 per month or \$1,200 per year).**
- To calculate the minimum required number of error-prone applications to verify using the Standard Sampling Method, follow these simple instructions:

STEP 1 Count the total number of approved Free and Reduced-Price **APPLICATIONS (including case number applications)** on file as of **October 1st**

NOTE: If all children listed on an application are directly certified and a case number or income application is on file, the application should not be counted within the total.

STEP 2 Multiply the total amount of approved Free and Reduced-Price **APPLICATIONS** by .03 or 3% (Round all decimals up ex. 3.2 is rounded up to 4).

STEP 3 Compare the result in Step 2 to 3,000. The sample size is the lesser number.

STEP 4 Select the required number of applications from **ERROR-PRONE** Applications.

Standard Sampling Application Selection Process

- **The LEA must select from error-prone income applications.** Error-prone applications are those that fall within \$100 monthly or \$1,200 annually of the Income Eligibility Guidelines (IEGs) for free and reduced-price meals. An Error-Prone Eligibility Applications chart can be found at: www.ade.az.gov/health-safety/cnp/nslp/verification/
- **If the number of error-prone applications identified does not meet the minimum sample requirement, LEAs must randomly select additional applications from all remaining applications (including FS, CA, FDPIR case number applications) to fulfill the minimum sample size requirement.**

- If there are more applications with monthly income within these limits than needed to meet the minimum sample size, select the sample using any method that is equitable and ensures that the same households will not be selected year after year.
- A minimum of one application must be verified.
- LEAs may elect to decline to verify up to 5% of applications selected for verification and replace them with other applications to be verified. LEAs **may not** use this discretion to reduce the overall number of applications they verify, but may use it to continue providing free or reduced-price meals to vulnerable children whose parents are unlikely to respond to the verification request and to increase the verification response rate.

Administrative Relief Methods

Child Nutrition and
WIC Reauthorization
Act of 2004
Public Law 108-265
CN # 24-05
CN # 47-05

How to Qualify for Administrative Relief

Non-Response Rate

- Administrative Relief Methods are available for LEAs that are able to obtain verification information for a relatively high portion of students selected for eligibility verification. The option to select an Administrative Relief Method, including Random Sampling and Focused Sampling will not be available unless the LEA qualifies by meeting one of the following criteria:
 - 1) The LEA must have a non-response rate of less than 20 percent (0-19.9%) from the previous school year verification report results.
 - 2) The LEA must report verification results correctly.
 - 3) The LEAs must have more than 20,000 children approved by application (excluding direct certification and categorically eligible children) for free and reduced price meals as of October 1.
 - The LEA must show the verification non-response rate for the previous school year was at least 10 percent lower than the verification non-response rate from the year before.
- Non-response rate is the percentage of households with approved applications that did not respond to verification requests. The non-response rate is calculated from the verification results submitted through ADE's Common Logon. To find the Non-Response Rate from the previous school year verification results, visit the ADE website at: www.ade.az.gov/health-safety/cnp/verification.
 - A non-response rate of 0% - 19.9% (sponsors highlighted in green), indicates the LEA qualifies for Administrative Relief and is eligible to choose the Random Sampling Method or Focused Sampling Method.
 - A non-response rate of 20% - 100%, indicates the LEA must utilize the Standard Sampling Method and select from error-prone applications.
 - Sponsors may have a non-response rate below 20%, however the verification results included reporting errors (sponsors highlighted in yellow). Sponsors must utilize the Standard Sampling Method and select from error-prone applications.
 - A blank result indicates the LEA did not submit verification results and is required to utilize the Standard Sampling Method and select from error prone applications.
 - Fields highlighted in red indicate reporting errors or non-response rates greater than 19.9%.
- LEAs that qualify for Administrative Relief can choose between the Random Sampling Method or the Focused Sampling Method.

Random Sampling Method

7CFR 245.6a(a)
CN # 47-05

Sample Size Requirement for Random Sampling

(See worksheet, Appendix H)

- The minimum required sample size is *three percent (3%) or 3,000, whichever is less, of **all approved applications*** (excluding all directly certified children and categorically eligible children) on file as of October 1. Each application **MUST** have an equal chance of being selected, including FS, CA, FDPIR and income applications. No attempt may be made to select only those applications approved based on FS, CA, FDPIR eligibility. **Selection of error-prone applications is NOT required when using the Random Sampling Method.**
- To calculate the minimum required number of applications to verify using the Random Sampling Method, follow these simple instructions:

STEP 1 Count the total number of approved Free and Reduced-Price **APPLICATIONS (including case number applications)** on file as of **October 1st**

NOTE: If all children listed on an application are directly certified and a case number or income application is on file, the application should not be counted within the total.

STEP 2 Multiply the total amount of approved Free and Reduced-Price APPLICATIONS by .03 or 3% (Round all decimals up ex. 3.2 is rounded up to 4).

STEP 3 Compare the result in Step 2 to 3,000. The sample size is the lesser number.

STEP 4 Randomly select the required number of applications.

Random Sampling Application Selection Process

(1) A selection interval may be used. This can be accomplished by dividing the total number of approved applications on file in the LEA by the sample size to determine the selection interval. If there are 340 applications on file and eleven are required to be verified, $340 \div 11 = 30.9$. In this case, the selection interval is 31. Number all the applications. Randomly select an application from the total approved applications, and then choose every 31st application until eleven (11) applications have been selected.

(2) Another random method of selection would be to put all the applications in a container and draw the required number of applications.

- A minimum of **one** application must be verified.

- LEAs are not required to select a statistically valid random sample. Any selection method in which each application has an equal chance of being selected is sufficient.
- LEAs may elect to decline to verify up to 5% of applications selected for verification and replace them with other applications to be verified. LEAs **may not** use this discretion to reduce the overall number of applications they verify, but may use it to continue providing free or reduced-price meals to vulnerable children whose parents are unlikely to respond to the verification request and to increase the verification response rate.

**Focused
Sampling
Method**

7CFR 245.6a(a)
CN # 47-05
CN # 49-05

Sample Size Requirement for Focused Sampling
(See worksheet, Appendix I)

- A minimum required percentage or number of applications approved (**excluding** all directly certified children and categorically eligible children) based on *income eligibility* MUST be selected for verification AND a minimum required percentage or number of case number applications approved (**excluding** all directly certified children and categorically eligible children.) based on *FS, CA, FDPIR eligibility* MUST be selected for verification.

- For applications approved based on income information:

One percent (1%) of the *total number of all approved applications* in the LEA or 1,000 applications, whichever is less. The calculation includes applications approved based on income eligibility *and* those approved based on FS, CA, FDPIR eligibility.

- For applications approved based on FS, CA, FDPIR eligibility:

Half of one percent (.005) of the total number of applications in the LEA approved based on FS, CA, FDPIR or 500 applications, whichever is less.

- To calculate the minimum required number of income applications and the minimum required number of case numbers applications to verify using the Focused Sampling Method, follow these simple instructions:

STEP 1 Count the total number of approved Free and Reduced-Price **APPLICATIONS (including case number applications)** on file as of **October 1st**

NOTE: If all children listed on an application are directly certified and a case number or income application is on file, the application should not be counted within the total.

STEP 2 Multiply the total amount of approved Free and Reduced-Price **APPLICATIONS** by .01 or 1% (Round all decimals up ex. 3.2 is rounded up to 4)

STEP 3 Compare the result in Step 2 to 1,000. The required number of **INCOME** applications with income information to verify is the lesser number.

STEP 4 Count the total number **CASE NUMBER** applications that were approved based on FS, CA, FDPIR eligibility.

NOTE: If all children listed on an application are directly certified and a case number or income application is on file, the application should not be counted within the total.

STEP 5 Multiply this number by .005 (half of 1 percent), Round all decimals up ex. 3.2 is rounded up to 4.

STEP 6 Compare the result in Step 5 to 500. The required number of applications with a FS, CA, FDPIR case number to verify is the lesser number.

STEP 7 Select the required number of **ERROR-PRONE** income applications (within \$100 per month or \$1,200 per year) to meet the 1% minimum requirement. Select the required number of FS, CA, FDPIR case number applications using any method that is equitable and ensures that the same household is not selected each year.

Focused
Sampling
Application
Selection Process

- Separate the applications into two groups:
 - 1) Applications approved based on household size/income
 - 2) FS, CA, FDPIR case number applications (directly certified and categorically eligible children are exempt from verification)
*****Keep all FS, CA, FDPIR case number applications for children who submitted an application AND were listed as a match through Direct Certification (Data Entry, Upload File, State Match) separate from other income/case number applications.

- Household/Income Application Selection Process

- Select the minimum required number of **error-prone applications** that were approved based on household size/income information. Error-prone applications are those that fall within \$100 monthly or \$1,200 annually of the Income Eligibility Guidelines (IEGs) for free and reduced-price meals. An Error-Prone Eligibility Applications chart can be found at: www.ade.az.gov/health-safety/cnp/nsfp/verification/
- If the number of error-prone applications identified does not meet the minimum sample requirement, LEAs must randomly select additional applications from remaining income applications to fulfill the minimum sample size requirement.
- If there are more applications with monthly income within these limits than needed to meet the minimum sample size, select the sample using any method that is equitable and ensures that the same households will not be selected year after year.
- If the total number of applications containing income information is smaller than the required minimum sample size, verify all income applications.

- Case Number Application Selection Process

- Select the minimum requirement (.5 percent) from the applications approved based on FS, CA, FDPIR eligibility using any method that is equitable and ensures that the same household is not selected each year.

NOTE: Children listed as a match through the Direct Certification System and have a case number/income application on file, should NOT be selected for verification. Direct certification students are exempt from verification.

- **Case Number Search must be utilized to verify Food Stamp and Cash Assistance case number applications. Case Number Search is only an option for those Food Stamp and Cash Assistance case number applications selected for verification. Please refer to page 87 for additional information and the CNP Verification Manual for step by step instructions.**
- A minimum of one FS, CA, FDPIR eligible application and one income application **MUST** be verified when using the Focused Sampling Method.
- LEAs may elect to decline to verify up to 5% of applications selected for verification and replace them with other applications to be verified. LEAs **may not** use this discretion to reduce the overall number of applications they verify, but may use it to continue providing free or reduced-price meals to vulnerable children whose parents are unlikely to respond to the verification request and to increase the verification response rate.

**Standard
Sampling/
Administrative
Relief Methods
(Focused/
Random
Sampling) :
Advantages and
Disadvantages**

- LEAs that qualify for Administrative Relief can choose between Random or Focused Sampling.
- LEAs that do not qualify for Administrative Relief are required to use the Standard Sampling Method.
- Standard Sampling and Focused Sampling targets verification efforts on applications with a high likelihood of containing errors; that is, households providing income information on the application and reporting income just below the maximum eligibility level.
- It takes longer to select applications for verification using standard and focused sampling as opposed to random sampling, but the focused sampling method requires verification of less than half as many applications as standard sampling.
- Standard, Random, and Focused Sampling are all nondiscriminatory.

**Verification at
the Time of
Application**

7CFR245.6a(a)(2)

7CFR245.6a(e)

- LEAs may require households to provide information to verify eligibility for free and reduced-price benefits at the time of application. Schools electing this option are cautioned that they **MUST NOT** allow verification efforts to delay the approval of applications; nor can schools disapprove applications based on information submitted for verification. If an application is complete and indicates that the child is eligible for free or reduced-price benefits, the application **MUST** be approved. Only after the determination of eligibility has been made can the school begin the verification process. Schools electing this option **MUST** observe the following procedures:
 1. Parent Letter – The parent letter **MUST** include a statement indicating that, although the initial eligibility determination will be based solely on the application, households are required to submit verification of eligibility information with the application for continued eligibility.
 2. Determination of Eligibility - As applications are returned, review each application to determine household eligibility based on the submission of a complete application. Households **MUST** be informed of this initial determination of eligibility. **Lack of verification information or submission of verification information that does not support the content of the application MUST NOT affect the initial determination of eligibility.**
 3. Review of Verification Documentation and Notice of Adverse Action - Any household which fails to submit requested verification information by the date specified by the LEA, or which submits verification information which does not support the initial determination of eligibility, **MUST** be sent a notice of adverse action. This notice **MUST** include all the required items in the standard termination/reduction notice, including giving the household 10 days advance notice of the termination or reduction of their benefits. (Note: This step may be combined with Step 2 so that the notice of initial approval and notice of adverse action are combined in a single letter.)
- Once households have been notified of selection and requested to provide income documentation, the LEA **MUST** complete the verification process for such households. Verification efforts should be completed within a reasonable time.

**Household
Notification of
Selection for
Verification**

7CFR245.6a(a)(2)

CN # 15-05

CN # 47-05

- When a household is selected for verification and is required by the LEA to submit documents or other forms of evidence to document eligibility, the household **MUST** be sent a notice/letter informing them of their selection and of the types of information acceptable to the LEA. (See Appendix J-1 and J-2.) The letter/notice **MUST** include the following:
 1. Notification that the household has been selected for verification
 2. A statement that the household **MUST** provide the social security number for each adult household member or indicate that a household member does not have a social security number
 3. A Privacy Act statement
 4. The types of acceptable information that may be provided to confirm current income, including pay stubs, award letters from welfare departments, social security and support payment decrees from courts
 5. Instruction that the household should submit papers that show income at the time they applied for benefits. If the household does not have this information, they can submit papers from the time of application up to time of verification
 6. The household may provide proof (a FS or CA case number or FDPIR documentation) that the child is a member of a currently certified Food Stamp/ FDPIR/ CA household instead of providing income information and social security numbers of adult household members (**Food Stamp and Cash Assistance Case Numbers MUST be verified through CNP Direct Verification Case Number Search**)
 7. Information **MUST** be provided by a date as specified by the LEA. The LEA must conduct at least one follow-up attempt if the family does not respond. If the family does to respond following the follow-up attempt, the LEA must terminate benefits
 8. The name and **toll free telephone number** of a school official who can answer questions and provide assistance
- When the LEA uses agency records to verify eligibility, the letter/notice of selection is *NOT* required since the household will not have to provide documents and household cooperation will not be necessary.

VERIFICATION METHODS

Written Evidence

7CFR245.6a(b)(1)

- Written evidence is the primary source of eligibility confirmation for all households, including FS, CA, FDPIR households.
 - Written evidence will most often include pay stubs from employers or award letters from welfare departments or other government agencies submitted by the household to the verifying officials as confirmation of eligibility.
 - Acceptable written evidence for income eligible households contains the name of the household member, amount of income received, frequency received and the date. (See Appendix K).
 - Acceptable written evidence for FDPIR households shall contain a written statement from the FDPIR agency that specifies that the child is a member of a household currently receiving benefits.
 - Households may submit FS or CA case number information, however LEAs are required to verify the case number using CNP Direct Verification Case Number Search to determine if the case number is valid for the child(ren).

Collateral Contacts

7CFR245.6a(b)(2)

- A collateral contact is a person outside of the household who is knowledgeable about the household's circumstances and can give confirmation of a household's income or FDPIR status.
 - Collateral contacts include employers, social service agencies, migrant workers' agencies, and religious or civic organizations.
 - The verifying official should request a collateral contact *only* in cases when the household has not been able to provide adequate written evidence.
 - The verifying official **MUST** give the household the opportunity to designate the collateral contact. However, the verifying official may select a collateral contact *if* the household fails to designate one, or designates one, who is unacceptable to the verifying official. In either case, no contact may be made without first notifying the household and obtaining their permission (Appendices L, M).
 - All collateral contacts are to be documented, dated and initialed.

**Agency
Records**
7CFR245.6a(b)(3)

- A household's eligibility may be confirmed through the use of information maintained by other government agencies to which the SA, LEA or school has legal access. Although USDA regulations do not require that households be notified of selection when verification is made through agency records, such agencies may have their own notification requirements.
- One source of agency records is the *wage and benefit information* maintained by the State employment agency, if that information is available to the verifying official. Such records are State records, and State law governs the release of information maintained by State employment offices.
- When using agency records, the LEA should request information for the most recent month available. *Households which dispute the validity of income information acquired through systems of records MUST be given the opportunity to send more recent income information during the 10-day period of advance notice of adverse action.*

**Direct
Verification**
Child Nutrition and
WIC Reauthorization
Act of 2004
Public Law 108-265
CN # 24-05
CN# 31-05

- Direct Verification is the process of using data maintained by other programs or agencies, including Medicaid, or the State employment agency to verify eligibility for free or reduced-price meals for applications selected for verification without having to contact the household.
- Arizona Direct Verification includes the following programs:
 - 1) Food stamps
 - 2) FDPIR
 - 3) State TANF/Cash Assistance
- LEAs have the option of contacting the Indian Tribal Organization (ITO) for FDPIR case number applications, however it is required that LEAs conduct a case number search (Food Stamps & Cash Assistance Case Numbers) utilizing the automated direct verification system created by the Arizona Department of Education.

**Verifying Food
Stamp & Cash
Assistance Case
Number
Applications**

- Arizona Department of Education hosts a secure website that enables school districts and other approved entities to query the Department of Economic Security eligibility database over the internet. LEAs can verify the eligibility without having to contact the household by entering a Food Stamp or Cash Assistance case number into the database. Case Number Search is only an option for those Food Stamp and Cash Assistance case number applications selected for verification.

- LEAs will utilize Case Number Search if one of the following situations occur:
 - 1) The Standard Sampling size does not meet the minimum requirement selected from Error-Prone applications and must randomly select additional applications. Additional applications may include Food Stamp and/or Cash Assistance case number applications.
 - 2) The LEA using the Random Sampling Method randomly selects Food Stamp and/or Cash Assistance case number applications to meet the minimum requirement of 3%.
 - 3) The Focused Sampling method is utilized and LEAs may be able to verify the required 1/2% of case number applications using Direct Verification.
- LEAs can access the Direct Verification Case Number Search through ADE's Common Logon. LEAs can simply type the Food Stamp or Cash Assistance case number into a field located on the Direct Verification/Case Number Search web page and a result will indicate Match, No Match, or Pending.
 - Results that report "Match" indicate the case number was valid and benefits do not change. Please note: ALL enrolled children indicated on the case number application must show up as a match. If a "no match" or "pending" appears for a child(ren), follow the No Match or Pending directions below.
 - Results that report "No Match" indicate the case number was invalid. LEAs are required to send a notification of verification to the family requesting income documentation.
 - Results that report "Pending" are still in process. LEAs are required to send a notification of verification requesting income documentation.
 - **If only one child shows as a match under the case number, verification is completed for that particular child and eligibility does not change. For the remaining children, a notification of verification must be mailed requesting income documentation.**

LEAs must print results page to document the search was conducted.

Verifying FDPIR Applications

- If a FDPIR application is selected, the LEA has the option, of contacting the Indian Tribal Organization (ITO) directly to obtain confirmation of eligibility.
 - When the ITO indicates a family is “participating” in FDPIR, the LEA must request documentation of eligibility from the ITO and document the contact. Free meal benefits would not change.
 - If the LEA receives a “not participating” confirmation from the ITO, the LEA must send a notification of verification to the family requesting income documentation.
 - If the LEA does not attempt to directly verify the FDPIR application, the LEA must send a notification of verification to the family requesting FDPIR documentation and/or income documentation.
 - The LEA may also *submit the names and case numbers of FDPIR households to the local Indian Tribal Organization office.*
- FDPIR case number applications cannot be verified through Case Number Search.

Refer to CNP Verification Manual for detailed instructions on Verification Reporting and step by step instructions for Case Number Search.

VERIFICATION OF INCOME ELIGIBILITY

Request for Written Evidence

7CFR245.6a(a)(2)

- The notification of selection for verification (Appendix J) **MUST** include a request for the household to submit written evidence of income for all household members and the social security number of each adult household member 21 years of age or older. Income documentation can be submitted from any point in time between on month before the application was certified through the time the household is required to turn in their income documentation for verification. Households indicating zero income **MUST** be asked for a written explanation of how living expenses are met.
- One of the following situations will result:
 - 1) The household submits the required social security numbers and written evidence of current income that confirms the eligibility determination previously made. Verification is considered complete.
 - 2) The household submits the required social security numbers and written evidence of current income that shows that the household's eligibility should be for either a higher or lower level of benefits than the eligibility determination previously made. Verification is considered complete when the letter of adverse action is sent, notifying the household that the child's benefits will be decreased, or the household is notified that the child's benefits will be increased (Appendix N).
 - 3) The household does not respond to the request for income information and/or social security numbers, the LEA **MUST** attempt to follow-up with the household at least once prior to terminating benefits. If the household does not respond following the follow-up attempt, a notice of adverse action must be mailed to the household and benefits are terminated (Appendix N).
 - 4) The household responds and submits insufficient or obsolete written evidence:
 - School officials may contact the household to request the missing written evidence and inform the household that failure to comply or to designate a collateral contact will result in termination of benefits. If the household subsequently cooperates, then either No. 1 or No. 2 above would apply; **OR**
 - School officials may terminate a household's benefits as a result of insufficient documentation. Verification is considered complete when the notice of adverse action is sent to the household (Appendix N).

**Verification
Using Collateral
Contacts**

7CFR245.6a(b)(2)

- When the household has been unable to provide adequate written evidence, the household may identify a collateral contact from which the LEA could obtain the requested information, either orally or in writing.
- A collateral contact would not be expected to provide social security numbers of the adult household members. The household **MUST** still provide these.
- The LEA will examine any written information provided by the collateral contact or evaluate any oral information. Based on this, either situation No. 1 or No. 2 discussed on page 90 would apply.
- If the collateral contact is unwilling or unable to provide the requested information, then the household's benefits will be terminated (Appendix N).

**Verification
Using Agency
Records**

7CFR245.6a(b)(3)

- A household's eligibility may be confirmed through the use of information maintained by other government agencies to which the LEA has legal access.
- The LEA will examine the information received from the agency. Based on this review, either situation No. 1 or No. 2 would apply, *except that* households which dispute the validity of the information **MUST** be given the opportunity to provide more recent income information during the 10-day advance notice period of adverse action.

COMPLETION OF VERIFICATION

Completion Date

7CFR245.6a(a)

CN # 24-05

- A Verification Report MUST be completed by **March 1st** of each year through ADE's Common Logon. If the LEA believes that it will not meet this deadline, a written request for an extension MUST be submitted to the SA prior to March 1st. This request MUST then be submitted to FNSRO for approval.
- Verification of an individual application is complete when a household's eligibility for the level of benefits for which it was approved is:
 - confirmed; or
 - changed to a higher level of benefit; or
 - a letter of adverse action has been sent informing the household that benefits will be reduced; or
 - a letter of adverse action has been sent informing the household that benefits will be terminated.

Verification Results

7CFR210.7(b)(v)

- Verification of a household's eligibility for free or reduced-price meals MUST result in one of the following:

- No change in benefit level - The household's current documentation supports the level of benefits for which the household has been approved or the LEA receives a “match/participating” confirmation via Direct Verification.
- Reduction in benefit level - The household's current documentation identifies income too high for the level of benefits for which the child has been approved. Therefore, the household's eligibility MUST be changed accordingly from free to reduced-price, free to paid or from reduced-price to paid.

The LEA is unable to Directly Verify the application and the household provides income documentation that reduces the level of benefits. Therefore, the household's eligibility MUST be changed accordingly from free to reduced-price or free to paid.

- Increase in benefit level - The household's current documentation qualifies the household for free meals rather than reduced-price meals. Therefore, the household's eligibility MUST be changed from reduced-price to free meals.
- Termination of benefits - Free and reduced-price benefits MUST be terminated for households that do not respond to verification efforts or whose current documentation does not support eligibility for either free or reduced-price meals. LEAs must attempt to follow-up with verification non-respondents at least once. Benefits will change from free to paid or from reduced-price to paid.

The LEA is unable to Directly Verify the application and the family does not provide documentation. LEAs must attempt to follow-up with verification non-respondents at least once. Benefits will change from free to paid or from reduced-price to paid.

- If verification results in a change in benefit level or termination, the change MUST be extended to *all* children in the household who were determined eligible by information that no longer supports the benefit level.
- If verification results in higher benefits (e.g., a child who is moved from the reduced-price to free category), this change is effective immediately and MUST be implemented within 3 operating days. Parents should be notified in accordance with the LEAs standard procedures for notifying households of approval for benefits.
- LEAs must report the verification results by student and by application. Refer to the CNP Verification Manual for detailed instructions on verification reporting.

**Notification of
Adverse Action**
7CFR245.6a(e)

- All households for whom benefits are to be reduced or terminated **MUST** be given 10-calendar days advance notice of the change. The first day of the 10-day period is the day the notice is sent.
- The notice (Appendix N) **MUST** advise the household of the following:
 - the change in benefits,
 - the reasons for the change,
 - that an appeal **MUST** be filed within the 10-day advance notice period to ensure continued benefits while awaiting a hearing and decision,
 - the instructions on how to appeal,
 - that the household may reapply for benefits at any time during the school year with proper documentation and/or valid FS/FDPIR/CA case numbers, and
 - that Food Stamp/FDPIR/CA households may submit an application containing household names and income information and provide written evidence of current household income and the social security numbers of adult household members.
- When a LEA provides free meals to all students (i.e. non-pricing programs), an advance notice of adverse action need not be sent as the student will continue to receive free meals despite the change in status. All meals must be claimed in the correct category for which the student is eligible.

**Benefits During
Appeal of
Verification
Results**
7CFR245.7(b)(1)

- When a household appeals a reduction or termination of benefits within the 10-calendar-day advance notice period, the LEA **MUST** continue to provide the benefits for which the child was originally approved until a final determination is made. The LEA may continue to claim reimbursement at that level during this period.
- When a household does not appeal a reduction or termination of benefits during the 10-calendar-day advance notice period, the actual reduction or termination of benefits **MUST** take place immediately after the 10-day advance notice period.

Hearing Procedure

- The hearing procedure in the LEAs free and reduced-price policy statement **MUST** be followed.
- The hearing official **MUST** be an individual who was not connected with the approval or verification process.
- The household may request a school conference prior to a formal hearing. Any such conference **MUST NOT** prejudice a later appeal.

Households that Reapply for Program Benefits

- Households affected by a reduction or termination of benefits may reapply for benefits at any time during the school year. **However, those households who have been terminated due to verification that reapply in the same school year are required to submit income documentation or a valid Food Stamp/FDPIR/CA case number at the time of reapplication.** The LEA must verify the households' eligibility *prior to* approval. These are not considered new applications due to the fact that these households did not comply with the verification requirements.
- LEAs must track and report households that were terminated (changed to Paid) due to verification that reapplied and were re-approved on or before February 15th. The information collected must be reported on the verification report found through ADE's common logon.

Recordkeeping

- Documentation, as described below, is useful in demonstrating compliance with the verification requirements when LEAs are reviewed by the State and would also be needed in the case of an applicant's appeal.
- LEAs **MUST** maintain a description of their verification efforts. The description **MUST** include:
 - a summary of the verification efforts, including the selection process and the source of information used, such as the Indian Tribal Organization Office, Case Number Search, wage stubs and collateral contacts;
 - the total number of applications on file as of October 1;
 - the number of students terminated as a result of verification, but who were reinstated as of February 15th;
 - the sampling method used and the minimum number of applications verified to meet the sampling requirement;
 - reasons for any denial or change of eligibility and the date.
- Either directly on the application or elsewhere, LEAs should keep a full record of:
 - Confirming official's signature and date (on application)
 - dates notices were sent;
 - notes on any contacts made;
 - results of verification and dates of any eligibility changes;

- Follow-up Official’s signature and date (on application), if applicable;
 - Follow-up attempts and documentation, if applicable;
 - signature of the verifying official;
 - direct verification attempts (case number search results page);
 - copies of all relevant correspondence between the households selected for verification and the LEA or school;
 - any additional information necessary to show the efforts made by the LEA to meet the verification requirements; and
- If the application is verified by documents submitted by the household, the LEA MUST retain either:
 - 1) all documents submitted by the household;
 - 2) Reproductions of those documents; or
 - 3) In cases where the actual documents or photocopies cannot be kept, the verifying official MUST make a written record of the documents submitted by the household including the type of document (ex: wage stubs or letter from an employer, income shown on the document, time period of the income and the date of the document).
 - The LEA must maintain copies of all documentation supporting the verification report for a minimum of 3 years.
 - The LEA must have every verified application readily retrievable on an individual school basis and include all documents submitted by the household for the purpose of verifying eligibility.
 - The LEA must retain all relevant correspondence between the household selected for verification and the local education agency.

Additionally, **VERIFICATION REPORTS ARE TO BE COMPLETED ON COMMON LOGON BY MARCH 1st.**

QUESTIONS AND ANSWERS

Verification

1. Q: Is the LEA required to notify ADE in writing what verification sampling method they qualify for prior to selecting applications for verification?

A: No. The verification sampling method used will be reported on the verification report submitted through ADE's common logon. The verification sampling method used will also be evaluated during an administrative review.

2. Q: An LEA using the Standard Sampling Method does not have enough "error-prone" applications to meet the minimum required sample size. How does the LEA select additional applications?

A: The LEA must randomly select additional applications from all remaining applications (including FS, CA, FDPIR case number applications) to fulfill the minimum sample size requirement.

3. Q: Can the determining official also be the confirming official?

A: No. The review must be completed by an individual other than the individual who made the initial eligibility determination.

4. Q: Can I utilize Direct Verification Case Number Search for any case number application received during the school year?

A: No. Case Number Search is only an option for those Food Stamp and Cash Assistance case number applications selected for verification.

5. Q: What kind of written evidence is required for verification of a foster child's application?

A: School officials should contact the household in which the foster child resides and ask for the name, agency and phone number of the social worker assigned to that child. A phone call to the social worker confirming the child's status as a foster child and the amount of money designated by the agency for the child's personal use would be sufficient verification. The school official should, however, document the phone conversation with the social worker (identifying the social worker, agency and phone number, the status of the child and the child's personal use income). Another approach would be to ask the foster family for a copy of a written communication between the foster family and the placement agency in which the status of the child and the financial arrangement is stated. If the family is unable to provide such

information, a phone call to the placement agency to confirm the child's status and income should be made prior to denying the child for free meals.

6. Q: What if a child is selected for verification, but then transfers out of the school district before the information can be verified?

A: Verification is considered complete when a household's eligibility for the level of benefits for which it was approved is either confirmed or a letter of adverse action has been sent. If a child is selected for verification but transfers out of the district before the information can be verified, verification cannot be completed. To meet the minimum verification requirements, a new application **MUST** be selected.

If the child returns to the district, the LEA can proceed with verification and require the household to submit verification documentation prior to receiving meal benefits.

7. Q: How is overtime income counted for the purposes of verification?

A: The school official should work with the household to determine whether the overtime for the month being verified is representative of overtime received in other months. If the overtime is a one-time or sporadic source of income, income should be calculated based on the regular monthly income (without overtime).

8. Q: Am I verifying the household's eligibility at the time of application or its current eligibility?

A: Households that are selected for verification can submit income documentation from any point in time one month before the application was certified through the time the household is required to turn in their income documentation for verification. Households, which dispute the validity of income information acquired through systems of records, **MUST** be given the opportunity to produce more recent income information.

9. Q: If a LEA chooses to do three percent verification, **MUST** it select three percent of the applications from each school in the LEA or is the sample selected from the LEA as a whole?

A: LEAs are required to select and verify a sample of their approved free and reduced-price applications. The LEA as a whole **MUST** meet the three percent sample. It does not mean that each school has to do three percent. The sample may be selected from one or more schools, or from the LEA as a whole, *provided that* the verification efforts are applied without regard to race, sex, color, national origin, age or disability. Also, any selection method **MUST** ensure that all applications are subject to being sampled; i.e., if the LEA has decided to select the three percent verification sample from only one school in the LEA, all applications in that one school **MUST** have an equal chance of being selected.

10. Q: If my sample size is 4.02 applications, do I verify four or five?
- A: Partial numbers **MUST** be rounded up to the NEXT whole number; five applications must be verified.
11. Q: Do we have to maintain the actual documentation from verification, or just the results of verification?
- A: LEAs are required to maintain three things: a description of their verification efforts, documentation of the verification and the results of the verification. The description **must** summarize the selection process and techniques, the total number of applications on file as of October 31, and the percentage or number of applications verified.
- The applications selected must be readily retrievable by school, and the LEA must document correspondence between the selected households and the LEA or school. If the application is verified by documents submitted by the household, the LEA must either retain the documents or a photocopy; or, if that is not possible, the relevant information can be copied from the document. If the LEA chooses to copy the information, enough of a record must be retained from the document to verify eligibility, including the type of document, e.g., ATP card or pay stub, time period of eligibility or income, income shown on the document and the date of the document. If other sources are used to document eligibility, such as the FDPIR office or collateral contacts, records of those sources and the information received must be documented as well.
- The LEA must also keep a record of any change in eligibility as a result of verification procedures, the reason for the change, and the date the change was made.
12. Q: When an advance notice of adverse action has been sent to a household, can I claim reimbursement for that child during the period covered by the advance notice?
- A: Yes. The household must be given 10-calendar days advance notice that a change is being made in the child's eligibility status. During that time, the child must continue to receive free or reduced-price meal benefits and the LEA may continue to claim reimbursement for free or reduced-price meals served to the child during this period.
13. Q: What if I use other agency records and the agency does not provide a response before March 1st?
- A: Any extensions to the Verification Report March 1st deadline **MUST** be approved in writing by the FNS. If the LEA contacted another agency well in advance of the Verification Report March 1st deadline, it has demonstrated good faith and would likely be given an extension. The LEA must still track those students terminated as a result of verification, but who were reinstated as of February 15th.

14. Q: If a household is paid weekly and submits a pay stub for a week, MUST I go back and ask for pay stubs for a whole month?
- A: No. If the weekly pay stub is representative of what the household normally receives each week, one pay stub is sufficient.
15. Q: If a larger sample is selected, such as 5 percent, does the 5 percent have to be verified by December 15th?
- A: The LEA only has to meet the minimum sample requirements, i.e., 3 percent under random sampling, by November 15th. The remaining 2 percent, while it must be completed, may be completed after November 15th and be completed as soon as possible. A Verification Report MUST be completed by **March 1st** of each year on ADE's Common Logon.
16. Q: Can the determining official make an eligibility determination based upon other income sources that were not declared on the application but were known by the official?
- A: No. The determining official MUST make the initial determination based upon the face value of the application. However, immediately after the application is approved, the LEA may begin the verification process on that application.
17. Q: What if the determining official suspects that there are other sources of income?
- A: Any application that contains questionable information MUST be verified as soon as possible.
18. Q: What are my responsibilities between November 15th and February 15th?
- A: The LEA must track those students terminated as a result of verification, but who were reinstated as of February 15th.
19. Q: How and when do I submit my final verification report to ADE?
- A: The verification report can be reached through ADE's COMMON LOGON. The report must be complete and submitted by March 1st.
20. Q: Does a certified mail receipt with the recipient's signature qualify as a response to verification?
- A: No. A response to verification is considered actual income or eligibility documentation received from the household. Collateral contacts and agency records can also be used as a response to verification.

21. Q: What do you do if a child is initially certified for free, but during a confirmation review his or her eligibility is determined to be reduced?
- A: The current procedures (adverse action, appeal etc) continue to apply for a change in the household's status due to verification and the application is replaced with another income application.
22. Q: Will the size of the verification sample be smaller with the use of household applications?
- A: Using household applications will reduce the size of the verification sample.
23. Q: When determining the pool of error prone applications, should the LEA select from those applications which show the household's income is \$100 more than the income eligibility guideline for free meals? (i.e. define what "within" means.)
- A: The LEA would select its sample from those applications in which the stated monthly income was *\$100 less than* the income guidelines.
24. Q: Would each program (Food Stamps, Cash Assistance, FDPIR) be considered as one contact for the purposed of direct verification, or would each program count as a separate contact?
- A: USDA (FNS) considers each program as a separate source to verify the household's eligibility status.